



ANNUAL FINANCIAL REPORT
Year Ended June 30, 2004

CITY OF WOODBURN

CITY OFFICIALS
Year Ended June 30, 2004

Mayor

Kathryn Figley
(Term expires December 2004)
601 S. Settlemier
Woodburn, OR 97071

Council Members

| | <u>Term Expires</u> |
|--|---------------------|
| Richard Bjelland 888 Wilson Street Woodburn, OR 97071 | December 2004 |
| Elida Sifuentez 860 E Lincoln Street Woodburn, OR 97071 | December 2004 |
| Pete McCallum 370 Ironwood Terrace Woodburn, OR 97071 | December 2006 |
| Jim Cox 1530 Ranier Way Woodburn, OR 97071 | December 2006 |
| Walter Nichols 1460 Willow Avenue Woodburn, OR 97071 | December 2004 |
| Frank Lonergan 245 N 2 nd Street Woodburn, OR 97071 | December 2006 |

Staff

John Brown, *City Administrator*
Janice Zyryanoff, *Municipal Judge*
N. Robert Shields, *City Attorney*
Ben Gillespie, *Finance Director*

CITY OF WOODBURN

TABLE OF CONTENTS Year Ended June 30, 2004

| | <u>Page</u> |
|--|-------------|
| INDEPENDENT AUDITOR'S REPORT | A, B |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | a - f |
| BASIC FINANCIAL STATEMENTS | |
| Government-Wide Financial Statements | |
| Statement of Net Assets | 1 |
| Statement of Activities | 2 |
| Fund Financial Statements | |
| Governmental Funds | |
| Balance Sheet | 3 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | 4 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities | 5 |
| Statements of Revenues, Expenditures and Changes in Balance – Budget and Actual General | 6 |
| Street | 7 |
| Proprietary Funds | |
| Statement of Net Assets | 8 |
| Statement of Revenues, Expenses and Changes in Fund Net Assets | 9 |
| Statement of Cash Flows | 10 |
| Fiduciary Funds | |
| Statement of Fiduciary Net Assets | 11 |
| Statement of Changes in Fiduciary Net Assets | 12 |
| Notes to Basic Financial Statements | 13 - 34 |
| COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES | |
| Governmental Funds | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Transportation Impact Fee | 35 |
| Nonmajor Governmental Funds | |
| Combining Balance Sheet | 36 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 37 |
| Nonmajor Special Revenue Funds | |
| Combining Balance Sheet | 38, 39 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 40, 41 |
| Nonmajor Debt Service Funds | |
| Combining Balance Sheet | 42 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 43 |
| Nonmajor Capital Projects Funds | |
| Combining Balance Sheet | 44, 45 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 46, 47 |
| Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual: | |
| Special Revenue Funds | |
| General Operating Reserve | 48 |
| Transit System | 49 |
| Investigation and Seizure | 50 |
| State Revenue Sharing | 51 |
| Housing Rehabilitation | 52 |
| Federal Programs | 53 |
| Cable Franchise Management | 54 |
| City Gas Tax | 55 |
| Building | 56 |
| Library Endowment | 57 |
| Museum Endowment | 58 |

TABLE OF CONTENTS (Continued)

| | <u>Page</u> |
|---|-------------|
| COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (Continued) | |
| Debt Service Funds | |
| Bonded Debt | 59 |
| Bancroft Bond Redemption | 60 |
| Urban Renewal Debt Service | 61 |
| Capital Projects Funds | |
| Special Assessment | 62 |
| Street/Storm Drain Capital Improvement | 63 |
| Parks/Recreation Capital Improvement | 64 |
| Information Services | 65 |
| Storm Water System Development | 66 |
| Public Works Facility Construction | 67 |
| Economic Development | 68 |
| General Fund Capital Improvement | 69 |
| Equipment Replacement | 70 |
| Cipriano Farrel | 71 |
| Proprietary Funds | |
| Major Enterprise Funds | |
| Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual | |
| Water | 72 |
| Water Well Construction | 73 |
| Wastewater Treatment Plant | 74 |
| Wastewater Treatment Plant Construction | 75 |
| Nonmajor Enterprise Funds | |
| Combining Statement of Net Assets | 76 |
| Combining Statement of Revenues, Expenses and Changes in Net Assets | 77 |
| Combining Statement of Cash Flows | 78 |
| Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual | |
| Water System Development | 79 |
| Wastewater Capital Improvement | 80 |
| Wastewater System Development | 81 |
| Internal Service Funds | |
| Combining Statement of Net Assets | 82 |
| Combining Statement of Revenues, Expenses and Changes in Net Assets | 83 |
| Combining Statement of Cash Flows | 84 |
| Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual | |
| Central Services | 85 |
| Self-Insurance | 86 |
| Technical and Environmental Services | 87 |
| Building Maintenance | 88 |
| DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS | 89 – 92 |
| GRANT COMPLIANCE – SINGLE AUDIT | |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 93, 94 |
| Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 Schedule of Findings and Questioned Costs | 95, 96 |
| Schedule of Findings and Questioned Costs | 97 |
| Schedule of Expenditures of Federal Awards | 98 |
| Note to Schedule of Expenditures of Federal Awards | 99 |



BOLDT, CARLISLE & SMITH LLC
CERTIFIED PUBLIC ACCOUNTANTS
PARTNERSHIP ■ ASSURANCE ■ INNOVATION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
The City Council
CITY OF WOODBURN
Woodburn, Oregon

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of **CITY OF WOODBURN** as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **CITY OF WOODBURN**, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General and Street Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2004, on our consideration of **CITY OF WOODBURN's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A

www.bcsllc.com

Established - 1968

SALEM: 480 CHURCH STREET S.E. ■ SALEM, OR 97301 ■ PHONE: (503) 585-7751 ■ FAX: (503) 370-3781

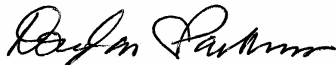
STAYTON: 408 NORTH THIRD AVENUE ■ STAYTON, OR 97383 ■ PHONE: (503) 769-2186 ■ FAX: (503) 769-4312

INDEPENDENT AUDITOR'S REPORT (Continued)

The management's discussion and analysis on pages a through f is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards as listed in the Grant Compliance – Single Audit section of the table of contents is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of **CITY OF WOODBURN**. The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Boldt, Carlisle & Smith, LLC
Certified Public Accountants
Salem, Oregon
October 17, 2004

By: 
Douglas C. Parham, Member

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents the highlights of financial activities and financial position for the City of Woodburn. The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

The City's assets exceeded its liabilities at June 30, 2004 by \$80,430,907 (*net assets*). Of this amount \$58,456,143 was invested in capital assets (net of related debt) and \$11,435,614 was restricted for specific purposes, leaving unrestricted net assets of \$10,539,150. Net assets include unrestricted net assets in the governmental activities of \$6,740,365 and \$3,798,785 in the business-type activities.

The City's net assets decreased by \$845,549 (or 1.0%), which is the result of a payment of \$2,500,000 to the State of Oregon for the City's portion of freeway on/off ramp construction. Systems Development Charges (SDC's) are usually accumulated over several years and then spent on large capital projects.

The City's governmental activities net assets decreased in the amount of \$957,948. This decrease was due to the contribution of \$2,500,000 noted above.

Net assets of the City's business-type activities increased by of \$112,399.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's annual financial report consists of several sections. Taken together they provide a comprehensive financial report of the City. The components of the report include the following:

Management's Discussion and Analysis. This section of the report provides financial highlights, overview and economic factors affecting the City.

Basic Financial Statements. Includes a Statement of Net Assets, a Statement of Activities, Fund Financial Statements and the Notes to the Basic Financial Statements.

Statements of Net Assets and Activities focus on an entity-wide presentation using the accrual basis of accounting and provide both long-term and short-term information about the City's financial status. The Governmental activities include most of the city's basic services such as police, street maintenance and improvement, community planning and governance. The business-type activities include the operation of the city's water and sewer utilities.

Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds." Budgetary comparison statements are presented for the General and Street Funds, which comprise the City's General and Major Special Revenue fund.

Statements for the City's proprietary funds follow the governmental funds and include net assets, revenues, expenses and changes in fund net assets, and cash flows.

The Notes to Basic Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

Combining and Individual Fund Financial Statements and Schedules. Readers desiring additional information about other major funds not presented in the Basic Financial Statements and on all non-major funds can find it in this section of the report. Included within this section are:

- Combining Financial Statements of other governmental funds which are classified as non-major. These statements include balance sheets and statements of revenues, expenditures and changes in fund balances.
- Budgetary Comparisons. Budgetary information for all funds, except the General and Street Funds (which are presented within the Basic Financial Statements) are presented here.
- Capital assets and other financial schedules complete the financial section of the report.

Audit comments and disclosures required by state regulations. These are supplemental communications on the city's compliance and internal controls as required by Oregon statutes.

Grant compliance – Single Audit. Additional reports by the city's independent auditor and the schedule of expenditures of federal awards as required by Government Auditing Standards and the Single Audit Act.

FINANCIAL SUMMARY AND ANALYSIS

As mentioned earlier, the City's net assets as of June 30, 2004 were \$80,430,907. By far the largest portion of net assets is comprised of the City's investment in capital assets (e.g., land, buildings, equipment and public infrastructure), less any related debt outstanding that was used to acquire those assets. The City uses capital assets to provide services to citizens; therefore these assets are not available for future spending. The resources to repay the related debt is not provided by capital assets, but will be provided from other sources.

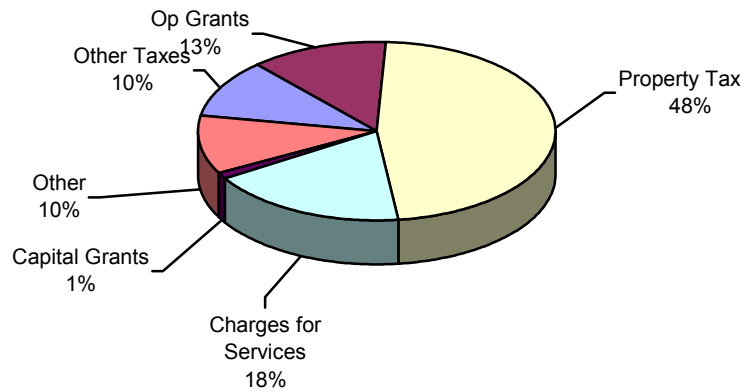
Woodburn's Net Assets (expressed in thousands)

| | Governmental | | Business-type | | Totals | |
|--|----------------------|------------------|----------------------|------------------|------------------|------------------|
| | Activities (1,000's) | | Activities (1,000's) | | (1,000's) | |
| | 2003-04 | 2002-03 | 2003-04 | 2002-03 | 2003-04 | 2002-03 |
| <u>Assets</u> | | | | | | |
| Current and other assets | \$ 15,107 | \$ 16,404 | \$ 10,011 | \$ 9,038 | \$ 25,118 | \$ 25,442 |
| Capital assets | <u>37,462</u> | <u>37,176</u> | <u>60,558</u> | <u>51,360</u> | <u>98,020</u> | <u>88,536</u> |
| Total assets | <u>52,569</u> | <u>53,580</u> | <u>70,569</u> | <u>60,398</u> | <u>123,138</u> | <u>113,978</u> |
| <u>Liabilities</u> | | | | | | |
| Other liabilities | 562 | 470 | 2,229 | 751 | 2,791 | 1,221 |
| Long-term liabilities | <u>1,444</u> | <u>1,590</u> | <u>38,472</u> | <u>29,891</u> | <u>39,916</u> | <u>31,481</u> |
| Total liabilities | <u>2,006</u> | <u>2,060</u> | <u>40,701</u> | <u>30,642</u> | <u>42,707</u> | <u>32,702</u> |
| <u>Net assets</u> | | | | | | |
| Invested in capital assets, net of related debt | 36,314 | 35,790 | 22,142 | 21,523 | 58,456 | 57,313 |
| Restricted | 7,509 | 11,741 | 3,927 | 5,523 | 11,436 | 17,264 |
| Unrestricted | <u>6,740</u> | <u>3,989</u> | <u>3,799</u> | <u>2,710</u> | <u>10,539</u> | <u>6,699</u> |
| Total net assets | <u>\$ 50,563</u> | <u>\$ 51,520</u> | <u>\$ 29,868</u> | <u>\$ 29,756</u> | <u>\$ 80,431</u> | <u>\$ 81,276</u> |

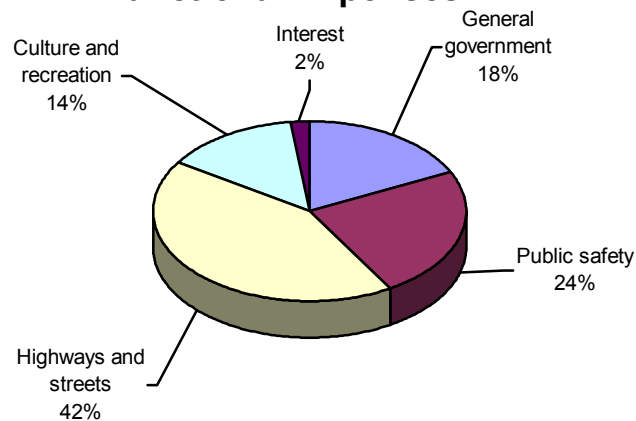
The major capital asset associated with governmental activities is streets, including right of way, storm sewers, and sidewalks. In the business-type activities, the major capital assets are sewer piping and plant (completed in 2001-02) and water piping and plant (currently under construction and scheduled for completion in the summer of 2005). Liquid assets, consisting of cash and investments, total \$22,292,906. Long-term obligations are detailed in Note 8 to the basic financial statements.

Revenue in the governmental activities comes primarily from property taxes, charges for services and various grants and contributions. During the year ended June 30, 2004 the city received a significant amount of capital grants and contributions. These will not be continuing sources of revenue, but are funding specific projects. The city's governmental expenses cover a wide variety of services, with general government, public safety and highways and streets accounting for most of these expenses.

City of Woodburn Governmental Activities Revenue



City of Woodburn Governmental Activities Functional Expenses



Property taxes are the city's primary on-going source of revenue. Property taxes comprising 48% of the city's governmental revenue, is derived from the permanent tax rate and taxes levied for the repayment of bonded indebtedness. Other taxes are composed largely of franchise fees, amounts charged to utilities for use of the right of way. Charges for services are fees charged for building permits, land use applications and transportation impact fees.

Expenses for Public Safety include the Police and the Municipal Court. Culture and Recreation includes the library, swimming pool, recreational programs, and the museum. General Government includes Finance, the City Attorney, and Administration.

Net assets of the governmental activities decreased by \$957,948, which represents a 1.9 percent change. Net assets of the business-type activities increased by \$112,399. Key elements of these changes, expressed in thousands, are as follows:

| | Woodburn's Net Assets (expressed in thousands) | | | | | |
|--|--|------------------|------------------|------------------|------------------|------------------|
| | Governmental | | Business-type | | Totals | |
| | Activities | | Activities | | | |
| | 2003-04 | 2002-03 | 2003-04 | 2002-03 | 2003-04 | 2002-03 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 997 | \$ 1,945 | \$ 5,818 | \$ 5,972 | \$ 6,815 | \$ 7,917 |
| Operating grants and contributions | 51 | 70 | - | - | 51 | 70 |
| Capital grants and contrib. | 1,617 | 808 | 1,093 | - | 2,710 | 808 |
| General revenues: | | | | | | |
| Property taxes | 5,797 | 5,242 | - | - | 5,797 | 5,242 |
| Other taxes | 1,288 | 1,578 | - | - | 1,288 | 1,578 |
| Other grants and contributions | 1,517 | 1,339 | - | - | 1,517 | 1,339 |
| Other | 987 | 1,000 | 103 | 150 | 1,090 | 1,150 |
| Total revenues | 12,254 | 11,982 | 7,014 | 6,122 | 19,268 | 18,104 |
| Expenses | | | | | | |
| General government | 3,081 | 2,606 | - | - | 3,081 | 2,606 |
| Public safety | 3,223 | 3,315 | - | - | 3,223 | 3,315 |
| Highways and streets | 4,916 | 1,679 | - | - | 4,916 | 1,679 |
| Culture and recreation | 1,975 | 2,010 | - | - | 1,975 | 2,010 |
| Interest on long-term debt | 102 | 82 | - | - | 102 | 82 |
| Water | - | - | 1,542 | 2,271 | 1,542 | 2,271 |
| Sewer | - | - | 5,274 | 5,072 | 5,274 | 5,072 |
| Total expenses | 13,297 | 9,692 | 6,816 | 7,343 | 20,113 | 17,035 |
| Increase (decrease) in net assets before transfers | (1,043) | 2,290 | 198 | (1,221) | (845) | 1,069 |
| Transfers | 86 | 92 | (86) | (92) | - | - |
| Increase (decrease) in net assets | (957) | 2,382 | 112 | (1,313) | (845) | 1,069 |
| Net assets - beginning | 51,520 | 49,138 | 29,756 | 31,069 | 81,276 | 80,207 |
| Net assets - ending | <u>\$ 50,563</u> | <u>\$ 51,520</u> | <u>\$ 29,867</u> | <u>\$ 29,756</u> | <u>\$ 80,431</u> | <u>\$ 81,276</u> |

Governmental Activities

The decrease in net assets is attributable to a \$2,500,000 payment to the State of Oregon for construction of freeway on/off ramps, offset by System Development Charges (Transportation Impact Fees and Storm Water SDC's) that were collected but not expended in 2003-04. These SDC's are available for construction of street and storm sewer projects in future years.

Business-type Activities

The increase in the net assets of the Business-type activities is due to unfunded depreciation expense offset by an accumulation of Charges for Services, which will be used to fund completion of the Water Treatment Plant.

FINANCIAL ANALYSIS OF FUNDS

As of June 30, 2004 the City's governmental funds reported a combined fund balance of \$12,704,494, which is a decrease of \$1,294,350 from June 30, 2003.

The general fund is the primary operating fund of the City. As of June 30, 2004, the general fund balance is \$1,289,832, which is an increase of \$263,155 from June 30, 2003. This increase is the result of increasing revenue without a corresponding increase in costs.

The combined fund balance decrease is a result of a payment of \$2,500,000 to the State of Oregon for the City's portion of freeway on/off ramps construction costs offset by revenue (primarily Systems Development Charges) in excess of expenditures. Systems Development Charges (SDC's) are usually accumulated over several years and then spent on large, costly projects.

Proprietary funds provide the same type of information as presented in the government-wide statements of net assets and activities, but in more detail. The proprietary funds net assets amounted to \$29,859,337 as of June 30, 2004. This is an increase of \$122,949 from June 30, 2003.

BUDGETARY HIGHLIGHTS

The changes between the original and final budget of the General Fund were relatively minor with an increase in total appropriations of \$111,000. Actual beginning fund balance was \$74,500 greater than budgeted. Property taxes were increased by \$106,000; franchise fees were decreased by \$25,000, and fines were decreased by \$28,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2004, the City had invested \$130,964,358 in capital assets of its governmental and business-type activities. This investment includes land and land improvements, buildings, equipment and public infrastructure of roads and bridges. The investment in governmental activities capital assets increased by \$285,815, and business-type activities increased by \$9,197,944. The significant addition during the year ended June 30, 2004 was the water purification plant and attendant storage facilities (\$10,455,416).

Additional information on the City's capital assets may be found in note 6 to the basic financial statements.

The City did not issue any governmental activities long-term debt during the year ended June 30, 2004 and the total governmental long-term debt outstanding as of June 30, 2004 was \$1,444,167.

The City issued business-type activities long-term debt during the year ended June 30, 2004 in the amount of \$9,748,291 under a loan program of the State of Oregon Safe Drinking Water Revolving Loan Fund in the amount of \$1,348,291 and a water general obligation bond in the amount of \$8,400,000. This debt provides a portion of the funding for improvements to the water system utility. The total business-type long-term debt outstanding as of June 30, 2004 was \$38,471,883.

During the year, the City retired a total of \$1,665,639 in principal on long-term debt.

A summary of the City's long-term debt outstanding is as follows:

| | |
|--------------------------|----------------------|
| General obligation bonds | \$ 9,120,000 |
| Loans | 30,434,716 |
| Capital lease | 8,986 |
| Compensated absences | <u>352,348</u> |
| Total | <u>\$ 39,916,050</u> |

ECONOMIC FACTORS

Oregon's economy continues to lag behind the recovery being experienced by the rest of the nation. Woodburn, however, has avoided some of the severest set backs experienced by the rest of the state. The City benefits from its location on I-5 at highway 214. Transportation and warehouse companies value Woodburn's location for its access to good highways both north/south and east/west. The Company Stores, opened in 1999, draw large numbers of customers from those driving I-5. New development affects property tax revenue directly. Growth experienced in 2003-04 (which shows up in the 2005 levy) is expected to level off in 2005. Utility revenue (and franchise fees) is expected to be stable in 2005. Regional unemployment, which has been amongst the highest in the nation, is forecast to decline slightly.

FINANCIAL CONTACT

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability.

If you have questions about the report or need additional financial information, please contact the City Finance Director at 270 Montgomery, Woodburn, Oregon.

BASIC FINANCIAL STATEMENTS

CITY OF WOODBURN
STATEMENT OF NET ASSETS
June 30, 2004

| | Governmental Activities | Business-type Activities | Totals |
|---|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and investments | \$ 13,338,891 | \$ 8,954,015 | \$ 22,292,906 |
| Restricted cash and investments | -- | 563,766 | 563,766 |
| Receivables | 1,747,369 | 307,772 | 2,055,141 |
| Prepaid expenses | 201 | -- | 201 |
| Internal balances | (8,943) | 8,943 | -- |
| Due from fiduciary funds | 20,181 | -- | 20,181 |
| Inventories | 9,636 | 176,356 | 185,992 |
| Capital assets | | | |
| Land, improvements and construction in progress | 22,307,436 | 12,035,863 | 34,343,299 |
| Other capital assets, net of depreciation | 15,154,506 | 48,522,040 | 63,676,546 |
| TOTAL ASSETS | <u>52,569,277</u> | <u>70,568,755</u> | <u>123,138,032</u> |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | 544,168 | 1,565,544 | 2,109,712 |
| Accrued interest payable | 16,315 | 584,891 | 601,206 |
| Deposits | 2,000 | 78,157 | 80,157 |
| Long-term obligations: | | | |
| Due within one year | 463,956 | 1,580,504 | 2,044,460 |
| Due in more than one year | 980,211 | 36,891,379 | 37,871,590 |
| TOTAL LIABILITIES | <u>2,006,650</u> | <u>40,700,475</u> | <u>42,707,125</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 36,313,437 | 22,142,706 | 58,456,143 |
| Restricted for: | | | |
| Capital projects | 6,213,330 | 3,926,789 | 10,140,119 |
| Debt service | 407,155 | -- | 407,155 |
| Other purposes | 888,340 | -- | 888,340 |
| Unreserved | 6,740,365 | 3,798,785 | 10,539,150 |
| TOTAL NET ASSETS | <u>\$ 50,562,627</u> | <u>\$ 29,868,280</u> | <u>\$ 80,430,907</u> |

See notes to basic financial statements

CITY OF WOODBURN
STATEMENT OF ACTIVITIES
Year Ended June 30, 2004

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | |
|---|----------------------------|--|--|---------------------|--|---------------------------------|----------------------|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | | Governmental Activities | Business- type Activities | Totals |
| Expenses | | | | | | | |
| Functions/Programs | | | | | | | |
| Governmental activities | | | | | | | |
| General government | \$ 3,080,568 | \$ 787,684 | -- | \$ 70,162 | \$ (2,222,722) | | \$ (2,222,722) |
| Public safety | 3,223,000 | -- | -- | -- | (3,223,000) | | (3,223,000) |
| Highways and streets | 4,916,005 | 24,701 | -- | 1,324,076 | (3,567,228) | | (3,567,228) |
| Culture and recreation | 1,975,406 | 184,619 | 50,670 | 223,227 | (1,516,890) | | (1,516,890) |
| Interest on long-term debt | 101,920 | -- | -- | -- | (101,920) | | (101,920) |
| TOTAL GOVERNMENTAL ACTIVITIES | 13,296,899 | 997,004 | 50,670 | 1,617,465 | (10,631,760) | | (10,631,760) |
| Business-type activities | | | | | | | |
| Water | 1,542,192 | 2,339,416 | -- | 421,505 | | \$ 1,218,729 | 1,218,729 |
| Sewer | 5,273,671 | 3,479,143 | -- | 671,320 | | (1,123,208) | (1,123,208) |
| TOTAL BUSINESS-TYPE ACTIVITIES | 6,815,863 | 5,818,559 | -- | 1,092,825 | | 95,521 | 95,521 |
| Totals | \$ 20,112,762 | \$ 6,815,563 | \$ 50,670 | \$ 2,710,290 | (10,631,760) | 95,521 | (10,536,239) |
| General revenues | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes levied for: | | | | | | | |
| General purposes | | | | | 5,316,754 | -- | 5,316,754 |
| Debt service | | | | | 479,873 | -- | 479,873 |
| Franchise taxes | | | | | 1,059,751 | -- | 1,059,751 |
| Transient room taxes | | | | | 227,828 | -- | 227,828 |
| Other grants and contributions not restricted | | | | | | | |
| to specific programs | | | | | 1,516,782 | -- | 1,516,782 |
| Unrestricted investment earnings | | | | | 229,393 | 94,175 | 323,568 |
| Miscellaneous | | | | | 782,735 | 104,711 | 887,446 |
| (Loss) on sale of capital assets | | | | | (25,206) | (96,106) | (121,312) |
| Transfers | | | | | 85,902 | (85,902) | -- |
| TOTAL GENERAL REVENUES AND TRANSFERS | | | | | 9,673,812 | 16,878 | 9,690,690 |
| CHANGE IN NET ASSETS | | | | | (957,948) | 112,399 | (845,549) |
| NET ASSETS - BEGINNING | | | | | 51,520,575 | 29,755,881 | 81,276,456 |
| NET ASSETS - ENDING | | | | | \$ 50,562,627 | \$ 29,868,280 | \$ 80,430,907 |

See notes to basic financial statements

CITY OF WOODBURN
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004

| | General | Street | Transportation Impact Fee | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|-------------------|------------------------------|--------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | | |
| Cash and investments | \$ 1,127,402 | \$ 504,510 | \$ 4,138,174 | \$ 7,052,574 | \$ 12,822,660 |
| Receivables | 502,753 | 90,242 | 12,738 | 1,139,337 | 1,745,070 |
| Prepaid expense | 201 | -- | -- | -- | 201 |
| Due from fiduciary funds | 20,181 | -- | -- | -- | 20,181 |
| Advances to other funds | -- | -- | -- | 85,000 | 85,000 |
| TOTAL ASSETS | \$ 1,650,537 | \$ 594,752 | \$ 4,150,912 | \$ 8,276,911 | 14,673,112 |
| <u>LIABILITIES</u> | | | | | |
| Accounts payable and accrued items | \$ 54,500 | \$ 20,150 | -- | \$ 434,347 | \$ 508,997 |
| Advances from other funds | -- | -- | -- | 85,000 | 85,000 |
| Deferred revenue | 306,205 | -- | -- | 1,067,483 | 1,373,688 |
| Matured coupons payable | -- | -- | -- | 933 | 933 |
| TOTAL LIABILITIES | 360,705 | 20,150 | -- | 1,587,763 | 1,968,618 |
| <u>FUND BALANCES</u> | | | | | |
| Reserved for debt service | -- | -- | -- | 389,300 | 389,300 |
| Unreserved, reported in: | | | | | |
| General fund | 1,289,832 | -- | -- | -- | 1,289,832 |
| Special revenue funds | -- | 574,602 | -- | 1,651,678 | 2,226,280 |
| Capital projects funds | -- | -- | 4,150,912 | 4,648,170 | 8,799,082 |
| TOTAL FUND BALANCES | 1,289,832 | 574,602 | 4,150,912 | 6,689,148 | 12,704,494 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,650,537 | \$ 594,752 | \$ 4,150,912 | \$ 8,276,911 | |

Amounts reported for governmental activities in the Statement of Net Assets are different because:

| | |
|--|----------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$16,706,612 | 37,069,794 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: | |
| Property taxes earned but not available | \$ 334,048 |
| Assessments earned but not available | 181,609 |
| Housing rehabilitation loans earned but not available | 858,031 |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets | 801,776 |
| Long-term obligations, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds | (1,387,125) |
| | <u>\$ 50,562,627</u> |

See notes to basic financial statements

CITY OF WOODBURN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS Year Ended June 30, 2004

| | General | Street | Transportation Impact Fee | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|-------------------|------------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 5,250,083 | \$ - | \$ - | \$ 586,752 | \$ 5,836,835 |
| System development charges | - | - | 1,151,137 | 332,898 | 1,484,035 |
| Franchise fees | 1,044,155 | - | - | 266,124 | 1,310,279 |
| Permits and fees | 146,748 | 8,494 | - | 281,263 | 436,505 |
| Fines and forfeitures | 282,347 | - | - | - | 282,347 |
| Intergovernmental | 408,943 | 958,747 | - | 519,666 | 1,887,356 |
| Interest | 23,585 | 4,553 | 71,466 | 121,019 | 220,623 |
| Other | 328,752 | 1,383 | - | 533,265 | 863,400 |
| TOTAL REVENUES | <u>7,484,613</u> | <u>973,177</u> | <u>1,222,603</u> | <u>2,640,987</u> | <u>12,321,380</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 1,636,972 | - | - | 757,529 | 2,394,501 |
| Public safety | 3,186,286 | - | - | 5,000 | 3,191,286 |
| Highways and streets | - | 747,882 | - | 42,616 | 790,498 |
| Culture and recreation | 1,885,088 | - | - | - | 1,885,088 |
| Capital outlay | 27,855 | 16,630 | 2,786,050 | 2,193,954 | 5,024,489 |
| Debt service | - | - | - | 279,215 | 279,215 |
| TOTAL EXPENDITURES | <u>6,736,201</u> | <u>764,512</u> | <u>2,786,050</u> | <u>3,278,314</u> | <u>13,565,077</u> |
| Excess (deficiency) of revenues over expenditures | <u>748,412</u> | <u>208,665</u> | <u>(1,563,447)</u> | <u>(637,327)</u> | <u>(1,243,697)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | 300,000 | - | 819,424 | 1,119,424 |
| Transfers out | (485,257) | (215,940) | (370,000) | (98,880) | (1,170,077) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(485,257)</u> | <u>84,060</u> | <u>(370,000)</u> | <u>720,544</u> | <u>(50,653)</u> |
| Net change in fund balances | 263,155 | 292,725 | (1,933,447) | 83,217 | (1,294,350) |
| Fund balances at beginning of year | <u>1,026,677</u> | <u>281,877</u> | <u>6,084,359</u> | <u>6,605,931</u> | <u>13,998,844</u> |
| Fund balances at end of year | <u>\$ 1,289,832</u> | <u>\$ 574,602</u> | <u>\$ 4,150,912</u> | <u>\$ 6,689,148</u> | <u>\$ 12,704,494</u> |

See notes to basic financial statements

CITY OF WOODBURN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2004

| | | |
|---|----|-------------|
| NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS | \$ | (1,294,350) |
|---|----|-------------|

*Amounts reported for government wide statements in the
Statement of Activities are different because of the following:*

Governmental funds report capital outlays as expenditures while government wide statements report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:

| | | | |
|----------------|----|------------------|---------|
| Capital outlay | \$ | 931,008 | |
| Depreciation | | <u>(578,971)</u> | 352,037 |

| | | |
|---|--|----------|
| The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets. | | (79,575) |
|---|--|----------|

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:

| | | |
|-----------------|-----------------|----------|
| Property taxes | (49,726) | |
| Assessments | 51,681 | |
| Loan repayments | <u>(51,450)</u> | (49,495) |

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the government wide statements

177,295

Some expenses reported in the government wide statements do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

| | |
|----------------------|----------|
| Compensated absences | (18,095) |
|----------------------|----------|

Internal service funds are used by management to charge the costs of various functions to individual funds. The net revenue (expense) of the internal service fund is allocated between governmental and business-type activities.

(45,765)

| | | |
|---|----|-------------------------|
| CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES | \$ | <u><u>(957,948)</u></u> |
|---|----|-------------------------|

See notes to basic financial statements

CITY OF WOODBURN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

Year Ended June 30, 2004

| | Budgeted Amounts | | | |
|---|------------------|------------------|------------------|------------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Property taxes | \$ 5,268,000 | \$ 5,374,000 | \$ 5,250,083 | \$ (123,917) |
| Franchise fees | 1,093,000 | 1,076,000 | 1,044,155 | (31,845) |
| Permits and fees | 73,000 | 73,000 | 146,748 | 73,748 |
| Fines and forfeitures | 328,000 | 300,000 | 282,347 | (17,653) |
| Intergovernmental | 369,000 | 368,900 | 408,943 | 40,043 |
| Interest | 66,000 | 37,500 | 23,585 | (13,915) |
| Other | 341,000 | 345,100 | 328,752 | (16,348) |
| TOTAL REVENUES | 7,538,000 | 7,574,500 | 7,484,613 | (89,887) |
| EXPENDITURES | | | | |
| Council and mayor | 28,721 | 28,721 | 22,632 | 6,089 |
| City administrator | 309,732 | 309,732 | 278,544 | 31,188 |
| City recorder | 65,966 | 65,966 | 56,867 | 9,099 |
| City attorney | 171,663 | 171,663 | 154,767 | 16,896 |
| Finance | 231,669 | 231,669 | 197,384 | 34,285 |
| City maintenance | 85,718 | 85,718 | 81,775 | 3,943 |
| Non-departmental | 130,865 | 130,865 | 107,016 | 23,849 |
| Police | 3,442,403 | 3,512,128 | 3,205,955 | 306,173 |
| Parks maintenance | 425,520 | 425,520 | 412,038 | 13,482 |
| Leisure services | 396,566 | 396,896 | 362,954 | 33,942 |
| Swimming pool | 480,432 | 480,432 | 451,505 | 28,927 |
| Parks administration | 197,065 | 199,390 | 187,831 | 11,559 |
| Planning | 395,648 | 405,648 | 375,033 | 30,615 |
| Library | 909,218 | 909,218 | 841,900 | 67,318 |
| Contingencies | 735,872 | 764,492 | -- | 764,492 |
| TOTAL EXPENDITURES | 8,007,058 | 8,118,058 | 6,736,201 | 1,381,857 |
| Excess (deficiency) of revenues over expenditures | (469,058) | (543,558) | 748,412 | 1,291,970 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (483,457) | (483,457) | (485,257) | 1,800 |
| Net change in fund balances | (952,515) | (1,027,015) | 263,155 | 1,290,170 |
| Fund balance at beginning of year | 952,515 | 1,027,015 | 1,026,677 | (338) |
| Fund balance at end of year | \$ -- | \$ -- | \$ 1,289,832 | \$ 1,289,832 |

See notes to basic financial statements

CITY OF WOODBURN

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET - SPECIAL REVENUE FUND
Year Ended June 30, 2004**

| | <u>Budgeted Amounts</u> | | | |
|---|-------------------------|------------------|-------------------|-------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Variance</u> |
| REVENUES | | | | |
| Permits and fees | \$ 1,000 | \$ 1,000 | \$ 8,494 | \$ 7,494 |
| Intergovernmental | 800,000 | 884,833 | 958,747 | 73,914 |
| Interest | 6,000 | 6,000 | 4,553 | (1,447) |
| Other | 500 | 500 | 1,383 | 883 |
| TOTAL REVENUES | <u>807,500</u> | <u>892,333</u> | <u>973,177</u> | <u>80,844</u> |
| EXPENDITURES | | | | |
| Street maintenance | 950,773 | 956,773 | 742,950 | 213,823 |
| Street miscellaneous | 59,200 | 59,200 | 21,562 | 37,638 |
| Contingency | 53,943 | 242,297 | -- | 242,297 |
| TOTAL EXPENDITURES | <u>1,063,916</u> | <u>1,258,270</u> | <u>764,512</u> | <u>493,758</u> |
| Excess (deficiency) of revenues over expenditures | <u>(256,416)</u> | <u>(365,937)</u> | <u>208,665</u> | <u>574,602</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 300,000 | 300,000 | 300,000 | -- |
| Transfers out | (215,940) | (215,940) | (215,940) | -- |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>84,060</u> | <u>84,060</u> | <u>84,060</u> | <u>--</u> |
| Net change in fund balances | (172,356) | (281,877) | 292,725 | 574,602 |
| Fund balance at beginning of year | 172,356 | 281,877 | 281,877 | -- |
| Fund balance at end of year | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 574,602</u> | <u>\$ 574,602</u> |

See notes to basic financial statements

CITY OF WOODBURN

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2004

| | Business-type Activities - Enterprise Funds | | | | | | Governmental |
|---|---|---------------------|----------------------|---------------------|---------------------|----------------------|-------------------|
| | Water | | Wastewater | | Other | | Activities |
| | Well | Treatment | Plant | Treatment | Enterprise | Totals | Internal |
| | Construction | Plant | Construction | Funds | | | Service |
| | Water | Construction | Plant | Construction | Funds | Totals | Funds |
| <u>ASSETS</u> | | | | | | | |
| Current assets | | | | | | | |
| Cash and investments | \$ 616,770 | \$ 2,216,591 | \$ 361,430 | \$ 2,645,073 | \$ 3,114,151 | \$ 8,954,015 | \$ 516,231 |
| Receivables | 114,867 | -- | 97,839 | 95,066 | -- | 307,772 | 2,299 |
| Inventories | 112,562 | -- | 63,794 | -- | -- | 176,356 | 9,636 |
| Total current assets | 844,199 | 2,216,591 | 523,063 | 2,740,139 | 3,114,151 | 9,438,143 | 528,166 |
| Noncurrent assets | | | | | | | |
| Restricted cash and investments | 563,766 | -- | -- | -- | -- | 563,766 | -- |
| Capital assets | | | | | | | |
| Land, improvements and construction in progress | 11,671,374 | -- | 364,489 | -- | -- | 12,035,863 | -- |
| Other capital assets, net of depreciation | 6,030,826 | -- | 42,491,214 | -- | -- | 48,522,040 | 392,148 |
| Total noncurrent assets | 18,265,966 | -- | 42,855,703 | -- | -- | 61,121,669 | 392,148 |
| TOTAL ASSETS | 19,110,165 | 2,216,591 | 43,378,766 | 2,740,139 | 3,114,151 | 70,559,812 | 920,314 |
| <u>LIABILITIES</u> | | | | | | | |
| Current liabilities | | | | | | | |
| Accounts payable and accrued items | 508,095 | 980,309 | 27,508 | 49,632 | -- | 1,565,544 | 34,238 |
| Accrued interest payable | 204,272 | -- | 380,619 | -- | -- | 584,891 | -- |
| Customer deposits | 78,157 | -- | -- | -- | -- | 78,157 | 2,000 |
| Compensated absences payable | 21,675 | -- | 35,011 | -- | -- | 56,686 | 73,357 |
| Current portion of long-term obligations | 288,728 | -- | 1,235,090 | -- | -- | 1,523,818 | -- |
| Total current liabilities | 1,100,927 | 980,309 | 1,678,228 | 49,632 | -- | 3,809,096 | 109,595 |
| Long-term obligations | 10,474,938 | -- | 26,416,441 | -- | -- | 36,891,379 | -- |
| TOTAL LIABILITIES | 11,575,865 | 980,309 | 28,094,669 | 49,632 | -- | 40,700,475 | 109,595 |
| <u>NET ASSETS</u> | | | | | | | |
| Invested in capital assets, net of related debt | 6,938,534 | -- | 15,204,172 | -- | -- | 22,142,706 | 392,148 |
| Restricted for capital projects | -- | 1,236,282 | -- | 2,690,507 | -- | 3,926,789 | -- |
| Unrestricted | 595,766 | -- | 79,925 | -- | 3,114,151 | 3,789,842 | 418,571 |
| TOTAL NET ASSETS | \$ 7,534,300 | \$ 1,236,282 | \$ 15,284,097 | \$ 2,690,507 | \$ 3,114,151 | 29,859,337 | \$ 810,719 |
| Internal balances result from transactions between the governmental activities, business-type activities and internal service funds | | | | | | 8,943 | |
| NET ASSETS OF BUSINESS-TYPE ACTIVITIES | | | | | | <u>\$ 29,868,280</u> | |

See notes to basic financial statements

CITY OF WOODBURN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS Year Ended June 30, 2004

| | Business-type Activities - Enterprise Funds | | | | | | Governmental |
|---|---|-------------------------------|----------------------------------|------------------------------------|------------------------------|--------------|--------------|
| | Wastewater | | | | | Internal | Service |
| | Water | Water Well Construction | Wastewater Treatment Plant | Treatment Plant Construction | Other Enterprise Funds | | |
| | | | | | | Totals | Funds |
| OPERATING REVENUES | | | | | | | |
| Charges for services | \$ 2,292,646 | \$ -- | \$ 1,640,909 | \$ 1,823,480 | \$ -- | \$ 5,757,035 | \$ 72,719 |
| Rents | -- | -- | -- | -- | -- | -- | 279,930 |
| Total operating revenues | 2,292,646 | -- | 1,640,909 | 1,823,480 | -- | 5,757,035 | 352,649 |
| OPERATING EXPENSES | | | | | | | |
| Personal services | 598,970 | -- | 872,319 | 47,991 | -- | 1,519,280 | 719,430 |
| Material and services | 355,383 | -- | 764,500 | 77,013 | -- | 1,196,896 | 817,415 |
| Depreciation | 108,392 | -- | 2,029,522 | -- | -- | 2,137,914 | 9,164 |
| Total operating expenses | 1,062,745 | -- | 3,666,341 | 125,004 | -- | 4,854,090 | 1,546,009 |
| Operating income (loss) | 1,229,901 | -- | (2,025,432) | 1,698,476 | -- | 902,945 | (1,193,360) |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | |
| Interest | 5,508 | 17,425 | 7,163 | 31,917 | 32,162 | 94,175 | 6,370 |
| Other | 56,304 | 23,867 | 69 | 69,858 | 16,137 | 166,235 | 384,554 |
| (Loss) on disposal of capital assets | (96,105) | -- | (1) | -- | -- | (96,106) | -- |
| Interest | (204,272) | -- | 67,137 | (1,232,601) | (26,290) | (1,396,026) | -- |
| Total nonoperating revenues (expenses) | (238,565) | 41,292 | 74,368 | (1,130,826) | 22,009 | (1,231,722) | 390,924 |
| Income (loss) before other revenues and transfers | 991,336 | 41,292 | (1,951,064) | 567,650 | 22,009 | (328,777) | (802,436) |
| OTHER REVENUES AND TRANSFERS | | | | | | | |
| Capital contributions | -- | -- | -- | -- | 1,092,825 | 1,092,825 | -- |
| Transfers in | 1,542,348 | 550,000 | 1,332,554 | -- | -- | 3,424,902 | 758,861 |
| Transfers out | (854,900) | (1,474,304) | (434,707) | (1,280,520) | (21,570) | (4,066,001) | (12,740) |
| Total other revenues and transfers | 687,448 | (924,304) | 897,847 | (1,280,520) | 1,071,255 | 451,726 | 746,121 |
| Change in net assets | 1,678,784 | (883,012) | (1,053,217) | (712,870) | 1,093,264 | 122,949 | (56,315) |
| Net assets - beginning of year | 5,855,516 | 2,119,294 | 16,337,314 | 3,403,377 | 2,020,887 | | 867,034 |
| Net assets - end of year | \$ 7,534,300 | \$ 1,236,282 | \$ 15,284,097 | \$ 2,690,507 | \$ 3,114,151 | | \$ 810,719 |
| Some amounts reported for business-type activities in the statement of activities are different because: | | | | | | | |
| A portion of the net revenue (expense) of internal service funds is allocable to business-type activities | | | | | | (10,550) | |
| CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES | | | | | | \$ 112,399 | |

See notes to basic financial statements

CITY OF WOODBURN

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2004

| | Business-type Activities - Enterprise Funds | | | | | | Governmental |
|---|---|----------------------------|----------------------------------|--|------------------------------|--------------|--|
| | Water | Water Well Construction | Wastewater Treatment Plant | Wastewater Treatment Plant Construction | Other Enterprise Funds | Totals | Activities Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | |
| Receipts from customers and users | \$ 1,811,906 | \$ - | \$ 1,701,133 | \$ 1,854,639 | \$ - | \$ 5,367,678 | \$ 353,985 |
| Payments to suppliers | 136,701 | - | (758,522) | (55,603) | - | (677,424) | (802,308) |
| Payments to employees | (597,885) | - | (870,324) | (47,991) | - | (1,516,200) | (707,964) |
| Other | 56,304 | 23,867 | 69 | 69,858 | 16,137 | 166,235 | 384,554 |
| Net cash provided by (used in) operating activities | 1,407,026 | 23,867 | 72,356 | 1,820,903 | 16,137 | 3,340,289 | (771,733) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | | | | |
| Cash transfers in | 65,000 | 550,000 | - | - | - | 615,000 | 738,000 |
| Cash transfers out | (854,900) | - | (434,707) | - | - | (1,289,607) | (12,740) |
| Net cash (used in) non-capital financing activities | (789,900) | 550,000 | (434,707) | - | - | (674,607) | 725,260 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | |
| Proceeds from long-term obligations | - | 9,748,291 | - | - | - | 9,748,291 | - |
| Capital contributions | - | - | - | - | 1,092,825 | 1,092,825 | - |
| Acquisition of capital assets | (44,161) | (10,429,542) | - | (131,700) | - | (10,605,403) | (1,656) |
| Principal paid on long-term obligations | - | - | - | (1,148,820) | (21,570) | (1,170,390) | - |
| Interest paid on long-term obligations | - | - | - | (1,232,601) | (26,290) | (1,258,891) | - |
| Net cash (used-in) capital and related financing activities | (44,161) | (681,251) | - | (2,513,121) | 1,044,965 | (2,193,568) | (1,656) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | |
| Interest | 5,508 | 17,425 | 7,163 | 31,917 | 32,162 | 94,175 | 6,370 |
| Net increase (decrease) in cash and cash equivalents | 578,473 | (89,959) | (355,188) | (660,301) | 1,093,264 | 566,289 | (41,759) |
| Cash and cash equivalents--beginning of year | 38,297 | 2,306,550 | 716,618 | 3,305,374 | 2,020,887 | 8,387,726 | 557,990 |
| Cash and cash equivalents--end of year | \$ 616,770 | \$ 2,216,591 | \$ 361,430 | \$ 2,645,073 | \$ 3,114,151 | \$ 8,954,015 | \$ 516,231 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | | | | | | |
| Operating income (loss) | \$ 1,229,901 | \$ - | \$ (2,025,432) | \$ 1,698,476 | \$ - | \$ 902,945 | \$ (1,193,360) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | | | | |
| Depreciation | 108,392 | - | 2,029,522 | - | - | 2,137,914 | 9,164 |
| Other | 56,304 | 23,867 | 69 | 69,858 | 16,137 | 166,235 | 384,554 |
| (Increase) decrease in assets | | | | | | | |
| Receivables | (13,139) | - | 60,224 | 2,937 | - | 50,022 | 1,336 |
| Inventories | (3,266) | - | (466) | - | - | (3,732) | (1,576) |
| Restricted cash and investments | (491,883) | - | - | 28,222 | - | (463,661) | - |
| Increase (decrease) in liabilities | | | | | | | |
| Accounts payable and accrued items | 495,350 | - | 6,444 | 21,410 | - | 523,204 | 16,683 |
| Customer deposits | 24,282 | - | - | - | - | 24,282 | - |
| Compensated absences payable | 1,085 | - | 1,995 | - | - | 3,080 | 11,466 |
| Net cash provided by (used in) operating activities | \$ 1,407,026 | \$ 23,867 | \$ 72,356 | \$ 1,820,903 | \$ 16,137 | \$ 3,340,289 | \$ (771,733) |

Supplemental Disclosure

Noncash noncapital financing activities

During the year, the city's sewer enterprise fund received a noncash transfer of capital assets from governmental activities in the amount of \$29,352.

See notes to basic financial statements

CITY OF WOODBURN

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2004**

| | Pension Trust Fund | Agency Fund |
|------------------------------------|-----------------------------------|------------------------|
| <u>ASSETS</u> | | |
| Cash and investments | \$ -- | \$ 141,493 |
| Restricted cash and investments | 820,326 | -- |
| TOTAL ASSETS | 820,326 | \$ 141,493 |
| <u>LIABILITIES</u> | | |
| Due to General Fund | -- | \$ 20,181 |
| Trust deposits | -- | 121,312 |
| TOTAL LIABILITIES | -- | \$ 141,493 |
| <u>NET ASSETS</u> | | |
| Held in trust for pension benefits | \$ 820,326 | |

See notes to basic financial statements

CITY OF WOODBURN
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2004

| | Pension Trust Fund |
|-------------------------|-----------------------------------|
| ADDITIONS | |
| Earnings on investments | \$ 42,492 |
| DEDUCTIONS | |
| Benefit payments | <u>42,116</u> |
| Change in net assets | 376 |
| Net assets - beginning | <u>819,950</u> |
| Net assets - ending | <u>\$ 820,326</u> |

See notes to basic financial statements

CITY OF WOODBURN
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2004

1. Summary of significant accounting policies

A. Organization (reporting entity)

Control of the City is vested in its mayor and council members who are elected to office by voters within the City. Administrative functions are delegated to individuals who report to and are responsible to the mayor and council. The chief administrative officer is the City Administrator.

The accompanying basic financial statements present all funds, account groups, and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government.

The city council serves as the governing board of the WOODBURN URBAN RENEWAL AGENCY. Therefore, the accounts of the agency are included in the financial statements of the City.

Complete financial statements for the WOODBURN URBAN RENEWAL AGENCY may be obtained from the City's finance department.

B. Government-wide and fund financial statements

Government-wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are supported by taxes and intergovernmental revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category—*governmental, proprietary and fiduciary*—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are separately aggregated and reported as nonmajor funds.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources are depleted.

The government-wide statements and proprietary funds have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principal Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property tax revenues are recognized in the fiscal year for which they were levied, provided they are due and collectable within 60 days after the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting and financial statement presentation (continued)

The City reports the following major governmental funds:

- *General* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as general government, public safety, library operations, and parks and recreations.
- *Street* accounts for the operation of the City Road Department. Expenditures are primarily for repair, maintenance and construction of city streets.
- *Transportation Impact Fee* accounts for system development for traffic controls and street construction.

The City reports the following major proprietary funds:

- *Water* accounts for water services for residents of the City. The principal revenue source is from user fees. The primary expenditure is for system operations
- *Water Well Construction* accounts for the construction of water wells. The principal revenue source is transfers from the Water Fund.
- *Wastewater Treatment Plant* accounts for the treatment of wastewater generated in the City. The primary revenue source is from user fees.
- *Wastewater Treatment Plant Construction* accounts for the construction of the plant. The primary source of revenue comes from proceeds from long-term obligations.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting and financial statement presentation (continued)

Additionally, the City reports the following fund types:

- *Special Revenue* are primarily operating funds that account for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.
- *Debt Service* account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.
- *Capital Projects* account for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are proceeds from certificates of participation issued to finance capital acquisitions, proceeds from the sale of City owned property, general obligation bond proceeds, full faith and credit bonds, and revenue bonds.
- *Enterprise* account for services rendered to the public on a user charge basis and are predominately self-supporting
- *Internal Services* account for services provided to other departments or agencies within the City on a cost reimbursement basis.
- *Pension Trust* accounts for funds held to provide retirement benefits to City employees.
- *Agency* accounts for amounts held by the City on behalf of others in a fiduciary capacity.

D. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year end.

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City Council adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

D. Budget policies and budgetary control (continued)

The ordinance authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The City established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds, except the General, Transit System, Street, Parks/Recreation Capital Improvement, Water, Wastewater Treatment Plant, Wastewater Plant Construction and Technical and Environmental Services funds for which budgetary control is established at the department level.

Budget amounts shown in the basic financial statements have been revised since the original budget amounts were adopted. The City Council must authorize all appropriation transfers and supplementary budgetary appropriations.

E. Use of estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

F. Cash and cash equivalents

For purposes of the accompanying statement of cash flows, the internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the City Treasurer's investment pool, to be cash equivalents.

G. Financial instruments

Statement of Financial Accounting Standards No. 107 requires all entities to disclose the fair value of certain financial instruments in their financial statements. Accordingly, the management reports that the carrying amount of cash equivalents, receivables, accounts payable and accrued expenses approximate fair value due to the short maturity of these instruments. The carrying amounts of long-term notes payable approximate fair value based on comparisons to the market rate of interest.

H. Investments

Investments are stated at cost, which approximates fair value.

The City invests in the State Treasurer's Investment Pool, which has regulatory oversight by the Oregon Short Term Fund Board and whose investments are approved by the Oregon Investment Council. The fair value of the City's position in the pool is the same as the value of the pool shares.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

I. Inventories

Inventories purchased are stated at cost (first-in, first-out method). Inventories are recorded as expenditures when purchased or donated. Inventories are offset by a fund balance reserve, as they do not constitute available expendable resources.

J. Receivables

Property taxes in the governmental fund types, which have been collected within sixty days following year-end, are considered measurable and available and are recognized as revenues. Property taxes receivable in the agency funds are offset by amounts held in trust and, accordingly, have not been recorded as revenue. All other property taxes receivable are offset by deferred revenues and accordingly, have not been recognized as revenue. Real and personal property are assessed and property taxes become a lien against the property as of July 1 each year. Property taxes are payable in three installments, following the lien date, on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

All property taxes receivable are due from owners of property within the City.

Receivables for state shared revenue are recorded as revenue in all fund types as earned.

User charges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to user charges receivable. Changes in the valuation allowance have not been material to the financial statements.

K. Capital assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair value on the date contributed. Capital assets include public domain (infrastructure) capital assets consisting of certain improvements including roads, bridges, lighting system, drainage systems, and flood control. The City defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. In the government-wide statements, capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives.

The estimated useful lives are as follows:

| | |
|----------------------------|----------------|
| Infrastructure | 20 to 50 years |
| Buildings and improvements | 35 to 50 years |
| Equipment | 3 to 20 years |
| Water and sewer lines | 20 to 50 years |

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

L. Interfund transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

M. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are deferred and amortized over the life of the bond.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Compensated absences - sick leave

The City has a policy which permits represented employees and sworn officers to earn sick leave at the rate of 8 hours per month and accumulate up to a maximum of 960 hours. All other full-time employees earn sick leave at the rate of 8 hours per month and may accumulate an unlimited amount of sick leave. All sick leave lapses upon termination of employment.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments

At June 30, 2004, the carrying amount of the City's deposits was \$912,241 and the bank balance was \$1,407,696. Of the bank balance, \$100,000 was covered by federal depository insurance, \$326,924 was collateralized with securities held by the pledging financial institution in the City's name, and \$980,772 was not collateralized. Balances so collateralized meet the requirements of state law, but are considered uncollateralized per GASB No. 3.

Statutes authorize the City to invest in obligations of the U. S. Treasury and U. S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

The City's investments are presented in three categories of credit risk as follows:

1. Insured or registered, or securities held by government or its agent in the government's name.
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the government's name.
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the government's name.

Investments in the employee pension trust and investments in the State Treasurer's pool do not require categorization.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

A. The City's deposits and investments at June 30, 2004, are shown below:

| | Carrying Amount | Fair Value |
|-----------------------------------|----------------------|----------------------|
| Employee's Pension Trust | \$ 820,326 | \$ 820,326 |
| State Treasurer's Investment Pool | <u>22,083,939</u> | <u>22,083,939</u> |
| Total investments | <u>\$ 22,904,265</u> | <u>\$ 22,904,265</u> |

Cash and investments are comprised of the following at June 30, 2004:

| | |
|---------------------|----------------------|
| Cash on hand | \$ 1,985 |
| Deposits with banks | 912,241 |
| Investments | <u>22,904,265</u> |
| | <u>\$ 23,818,491</u> |

Cash and cash investments are reported as follows:

Governmental funds/activities

| | |
|---------------------------|------------------|
| General | \$ 1,127,402 |
| Street | 504,510 |
| Transportation Impact Fee | 4,138,174 |
| Other Governmental Funds | <u>7,052,574</u> |

Total governmental funds/activities 12,822,660

Internal service funds included in governmental activities 516,231

Total governmental activities 13,338,891

Proprietary funds/business-type activities

| | |
|---|------------------|
| Unrestricted | |
| Water | 616,770 |
| Water System Construction | 2,216,591 |
| Wastewater | 361,430 |
| Wastewater Treatment Plant Construction | 2,645,073 |
| Other Proprietary Funds | <u>3,114,151</u> |

Total unrestricted 8,954,015

| | |
|------------|----------------|
| Restricted | |
| Water | <u>563,766</u> |

Total proprietary funds/business-type activities 9,517,781

Fiduciary Funds

| | |
|---------------|----------------|
| Pension Trust | 820,326 |
| Agency | <u>141,493</u> |

Total fiduciary funds 961,819

Total cash and investments \$ 23,818,491

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables

A. The City's receivables at June 30, 2004, are shown below:

| | Governmental funds/activities | | | | Proprietary funds/business-type activities | | | Govern- mental Activities | |
|---------------------------------|-------------------------------|------------------|-----------------------------------|-------------------------------------|--|----------------------------------|--|---------------------------------|---------------------|
| | | | Transport- ation Impact Fee | Other Govern- mental Funds | Water | Wastewater Treatment Plant | Wastewater Treatment Plant Construction | Internal Service | Totals |
| Property taxes | \$ 377,738 | \$ - | \$ - | \$ 33,961 | \$ - | \$ - | \$ - | \$ - | \$ 411,699 |
| Accounts | 119,945 | - | 12,738 | 17,485 | 1,243 | - | - | 2,299 | 153,710 |
| Intergovernmental | 5,070 | 90,242 | - | 48,251 | - | - | - | - | 143,563 |
| Assessments | - | - | - | 181,609 | - | - | - | - | 181,609 |
| User charges | - | - | - | - | 113,624 | 97,839 | 95,066 | - | 306,529 |
| Housing rehabilitation loans | - | - | - | 858,031 | - | - | - | - | 858,031 |
| | <u>\$ 502,753</u> | <u>\$ 90,242</u> | <u>\$ 12,738</u> | <u>\$ 1,139,337</u> | <u>\$ 114,867</u> | <u>\$ 97,839</u> | <u>\$ 95,066</u> | <u>\$ 2,299</u> | <u>\$ 2,055,141</u> |

B. Property taxes

i. Collection procedures

Taxes are levied on July 1 and are payable in three installments due November 15, February 15 and May 15. Marion County bills and collects property taxes for the City.

ii. Transactions

| | Balances July 1, 2003 | 2003-04 Levy | Adjust- ments | Net Interest (Discounts) | Collections | Balances June 30, 2004 |
|---------|-----------------------------|--------------------|--------------------|--------------------------------|---------------------|------------------------------|
| Current | \$ -- | \$5,958,731 | \$ (13,421) | \$ (142,295) | \$ 5,568,441 | \$ 234,574 |
| Prior | <u>419,030</u> | <u>--</u> | <u>(67,183)</u> | <u>32,072</u> | <u>206,795</u> | <u>177,125</u> |
| | <u>\$ 419,030</u> | <u>\$5,958,731</u> | <u>\$ (80,604)</u> | <u>\$ (110,223)</u> | <u>\$ 5,775,236</u> | <u>\$ 411,699</u> |

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables (continued)

B. Property taxes (continued)

iii. Ensuing year's levies

The permanent tax rate is \$6.0534 per \$1,000 assessed value as limited by the Constitution of the State of Oregon.

The tax rate limit of \$10.00 per thousand of assessed value imposed by the Oregon Constitution is not expected to affect this levy.

In addition, the City will levy \$155,820 for the retirement of long-term debt principal and interest due in 2004-05.

4. Due from/to other funds

Amounts due from and to other funds consists of the following:

| <u>Fund due to</u> | <u>Fund due from</u> | <u>Amount</u> |
|--------------------|----------------------|------------------|
| General | Fiduciary funds | \$ <u>20,181</u> |

5. Advances to/from other funds

Advances to and advances from other funds, representing long-term interfund loans consist of the following:

| <u>Advances from</u> | <u>Advances to</u> | |
|---|---|------------------|
| Other Governmental Fund Street/Storm Drain Capital Improvement | Other Governmental Fund Special Assessment | \$ <u>85,000</u> |

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Capital Assets

Capital asset activity for the year ended June 30, 2004 is as follows:

| | Balances July 1, 2003 | Additions | Deletions | Transfers | Balances June 20, 2004 |
|--|--------------------------|---------------------|---------------------|--------------------|---------------------------|
| <i>Governmental Activities</i> | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 21,638,478 | \$ - | \$ (501) | \$ - | \$21,637,977 |
| Construction in progress | <u>1,001,118</u> | <u>479,940</u> | <u>(811,599)</u> | <u>-</u> | <u>669,459</u> |
| Total capital assets, not being depreciated | <u>22,639,596</u> | <u>479,940</u> | <u>(812,100)</u> | <u>-</u> | <u>22,307,436</u> |
| Capital assets, being depreciated | | | | | |
| Buildings | 7,080,837 | 811,599 | (3,807) | - | 7,888,629 |
| Equipment | 4,172,074 | 51,014 | (71,926) | (1,953) | 4,149,209 |
| Infrastructure | <u>19,591,902</u> | <u>401,710</u> | <u>-</u> | <u>-</u> | <u>19,993,612</u> |
| Total capital assets, being depreciated | <u>30,844,813</u> | <u>1,264,323</u> | <u>(75,733)</u> | <u>(1,953)</u> | <u>32,107,183</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | 2,269,990 | 106,366 | - | 47,801 | 2,424,157 |
| Equipment | 2,723,842 | 147,551 | (51,028) | (183,575) | 2,636,790 |
| Infrastructure | <u>11,314,450</u> | <u>334,218</u> | <u>-</u> | <u>167,329</u> | <u>11,815,997</u> |
| Total accumulated depreciation | <u>16,308,282</u> | <u>588,135</u> | <u>(51,028)</u> | <u>31,555</u> | <u>16,927,972</u> |
| Total capital assets, being depreciated, net | <u>14,536,531</u> | <u>676,188</u> | <u>(24,705)</u> | <u>(33,508)</u> | <u>15,154,506</u> |
| Governmental activities capital assets, net | <u>\$ 37,176,127</u> | <u>\$ 1,156,128</u> | <u>\$ (836,805)</u> | <u>\$ (33,508)</u> | <u>\$37,461,942</u> |
| <i>Business-type Activities</i> | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 840,142 | \$ - | \$ (106) | \$ - | \$ 840,036 |
| Construction in progress | <u>789,099</u> | <u>10,406,728</u> | <u>-</u> | <u>-</u> | <u>11,195,827</u> |
| Total capital assets, not being depreciated | <u>1,629,241</u> | <u>10,406,728</u> | <u>(106)</u> | <u>-</u> | <u>12,035,863</u> |
| Capital assets, being depreciated | | | | | |
| Water and sewer lines | 17,347,692 | 84,765 | - | - | 17,432,457 |
| Buildings | 45,116,203 | 680,000 | (100,000) | - | 45,696,203 |
| Equipment | <u>1,056,300</u> | <u>226,963</u> | <u>(2,444)</u> | <u>1,953</u> | <u>1,282,772</u> |
| Total capital assets, being depreciated | <u>63,520,195</u> | <u>991,728</u> | <u>(102,444)</u> | <u>1,953</u> | <u>64,513,876</u> |
| Less accumulated depreciation for: | | | | | |
| Water and sewer lines | 3,744,634 | 625,261 | - | 20,000 | 4,389,895 |
| Buildings | 9,472,896 | 1,474,809 | (4,000) | - | 10,943,705 |
| Equipment | <u>571,947</u> | <u>37,844</u> | <u>(2,444)</u> | <u>(51,555)</u> | <u>555,792</u> |
| Total accumulated depreciation | <u>13,789,477</u> | <u>2,137,914</u> | <u>(6,444)</u> | <u>(31,555)</u> | <u>15,895,836</u> |
| Total capital assets, being depreciated, net | <u>49,730,718</u> | <u>(1,146,186)</u> | <u>(96,000)</u> | <u>33,508</u> | <u>48,522,040</u> |
| Business-type activities capital assets, net | <u>\$ 51,359,959</u> | <u>\$ 9,260,542</u> | <u>\$ (96,106)</u> | <u>\$ 33,508</u> | <u>\$60,557,903</u> |

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities

| | |
|------------------------|---------------|
| General government | \$ 20,812 |
| Public safety | 8,593 |
| Highways and streets | 496,268 |
| Culture and recreation | <u>62,462</u> |

Total depreciation expense – governmental activities \$ 588,135

Business-type activities

| | |
|------------|------------------|
| Water | \$ 108,392 |
| Wastewater | <u>2,029,522</u> |

Total depreciation expense – business-type activities \$ 2,137,914

7. Deferred revenue

Resources owned by the City, which are measurable but not available, and are deferred in the Governmental Funds, consist of the following:

| | <u>General</u> | <u>Other Governmental Funds</u> | <u>Totals</u> |
|------------------------------|-------------------|---|---------------------|
| Assessments | \$ -- | \$ 181,609 | \$ 181,609 |
| Housing rehabilitation loans | -- | 858,031 | 858,031 |
| Property taxes | <u>306,205</u> | <u>27,843</u> | <u>334,048</u> |
| Totals | <u>\$ 306,205</u> | <u>\$ 1,067,483</u> | <u>\$ 1,373,688</u> |

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Long-term obligations

A. Transactions for the governmental activities for the year ended June 30, 2004 were as follows:

| | Balances July 1, 2003 | Additions | Reductions | Balances June 30, 2004 | Balances Due within One year |
|--|--------------------------|-------------------|-------------------|---------------------------|------------------------------------|
| <u>General Obligation Bonds</u> | | | | | |
| 1994 General obligation bonds - Original issue \$1,755,000, 15 years; interest at various rates | | | | | |
| Principal | \$ 845,000 | \$ - | \$ 125,000 | \$ 720,000 | \$ 130,000 |
| Interest | 3,818 | 45,270 | 45,822 | 3,266 | - |
| | <u>848,818</u> | <u>45,270</u> | <u>170,822</u> | <u>723,266</u> | <u>130,000</u> |
| <u>Loans</u> | | | | | |
| Oregon Economic Development Department - due in various annual installments of \$38,319 to 37,495; interest at 5.01 percent | | | | | |
| Principal | 372,010 | - | 17,937 | 354,073 | 18,066 |
| Interest | 10,872 | 17,310 | 18,148 | 10,034 | - |
| | <u>382,882</u> | <u>17,310</u> | <u>36,085</u> | <u>364,107</u> | <u>18,066</u> |
| Oregon Economic Development Department - due in annual installments of \$47,043; interest at 6.5 percent. Balance is allocated between governmental and business-type activities | | | | | |
| Principal | 89,065 | - | 23,619 | 65,446 | 11,242 |
| Interest | 3,378 | 4,303 | 4,666 | 3,015 | - |
| | <u>92,443</u> | <u>4,303</u> | <u>28,285</u> | <u>68,461</u> | <u>11,242</u> |
| <u>Capital lease</u> | | | | | |
| Government Leasing Company - 3 years, annual installments of \$8,986 | | | | | |
| Principal | 17,972 | - | 8,986 | 8,986 | 8,986 |
| <u>Compensated absences</u> | | | | | |
| Accumulated unpaid vacation | 266,101 | 295,662 | 266,101 | 295,662 | 295,662 |
| Total general long-term obligations | 1,608,216 | 362,545 | 510,279 | 1,460,482 | \$ 463,956 |
| Interest | 18,068 | 66,883 | 68,636 | 16,315 | |
| Principal | <u>\$ 1,590,148</u> | <u>\$ 295,662</u> | <u>\$ 441,643</u> | <u>\$ 1,444,167</u> | |

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Long-term obligations (continued)

B. Transactions for the business-type activities for the year ended June 30, 2004 were as follows:

| | Balances July 1, 2003 | Additions | Reductions | Balances June 30, 2004 | Balances Due within One year |
|---|--------------------------|----------------|------------------|---------------------------|------------------------------------|
| <u>Loans</u> | | | | | |
| Oregon Economic Development Department - due in annual installments of \$47,043; interest at 6.5 percent. Balance is allocated between governmental and business- type activities | | | | | |
| Principal | \$ 197,369 | \$ - | \$ 4,806 | \$ 192,563 | \$ 19,031 |
| Interest | 7,483 | 13,149 | 13,952 | 6,680 | - |
| | <u>204,852</u> | <u>13,149</u> | <u>18,758</u> | <u>199,243</u> | <u>19,031</u> |
| Oregon Economic Development Department - due in annual installments of \$29,102; interest at 6.32 percent | | | | | |
| Principal | 195,212 | - | 16,764 | 178,448 | 17,824 |
| Interest | 7,196 | 11,661 | 12,337 | 6,520 | - |
| | <u>202,408</u> | <u>11,661</u> | <u>29,101</u> | <u>184,968</u> | <u>17,824</u> |
| Oregon Economic Development Department - due in annual installments with interest at 4.74 percent | | | | | |
| Principal | 435,424 | - | 18,630 | 416,794 | 23,784 |
| Interest | 12,039 | 19,808 | 20,471 | 11,376 | - |
| | <u>447,463</u> | <u>19,808</u> | <u>39,101</u> | <u>428,170</u> | <u>23,784</u> |
| Oregon Department of Environmental Quality - due in semi-annual installments of \$147,792; interest at 3.93 percent | | | | | |
| Principal | 3,406,858 | - | 163,284 | 3,243,574 | 169,764 |
| Interest | 62,885 | 121,596 | 132,301 | 52,180 | - |
| | <u>3,469,743</u> | <u>121,596</u> | <u>295,585</u> | <u>3,295,754</u> | <u>169,764</u> |
| Oregon Department of Environmental Quality - due in semi-annual installments of \$735,150; interest at 1.21 percent | | | | | |
| Principal | 24,587,058 | - | 966,906 | 23,620,152 | 1,004,687 |
| Interest | 358,153 | 887,964 | 942,254 | 303,863 | - |
| | <u>24,945,211</u> | <u>887,964</u> | <u>1,909,160</u> | <u>23,924,015</u> | <u>1,004,687</u> |

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Long-term obligations (continued)

B. (continued)

| | Balances July 1, 2003 | Additions | Reductions | Balances June 30, 2004 | Balances Due within One year |
|--|--------------------------|---------------------|---------------------|---------------------------|------------------------------------|
| Safe Drinking Water Revolving Loan Fund - due in annual installments starting in December 2004; interest at 4.21 percent starting July 2004 | | | | | |
| Principal | \$ 1,015,375 | \$ 1,348,291 | \$ - | \$ 2,363,666 | \$ 77,662 |
| Interest | - | - | - | - | - |
| | <u>1,015,375</u> | <u>1,348,291</u> | <u>-</u> | <u>2,363,666</u> | <u>77,662</u> |
| <u>General Obligation Bonds</u> | | | | | |
| 2003 Water general obligation bonds - Original issue \$8,400,000, 25 years; interest at various rates | | | | | |
| Principal | - | 8,400,000 | - | 8,400,000 | 211,066 |
| Interest | - | 204,272 | - | 204,272 | - |
| | <u>-</u> | <u>8,604,272</u> | <u>-</u> | <u>8,604,272</u> | <u>211,066</u> |
| <u>Compensated absences</u> | | | | | |
| Accumulated unpaid vacation | <u>53,606</u> | <u>56,686</u> | <u>53,606</u> | <u>56,686</u> | <u>56,686</u> |
| Total business-type activities | 30,338,658 | 11,063,427 | 2,345,311 | 39,056,774 | <u>\$ 1,580,504</u> |
| Interest | <u>447,756</u> | <u>1,258,450</u> | <u>1,121,315</u> | <u>584,891</u> | |
| Principal | <u>\$ 29,890,902</u> | <u>\$ 9,804,977</u> | <u>\$ 1,223,996</u> | <u>\$ 38,471,883</u> | |

C. The future maturities of obligations outstanding as of June 30, 2004, are as follows:

Governmental Activities

| Fiscal Year | 1994 General Obligation Bonds | | Loans | | | | Capital lease | Accum- ulated unpaid vacation | Totals | |
|----------------|----------------------------------|-----------|--|-----------|-----------|----------|------------------|--|--------------|-----------|
| | | | Oregon Economic Development Department | | | | | | | |
| | Principal | Interest | B97002 | | B91002 | | Principal | Principal | Interest | |
| 2005 | \$ 130,000 | \$ 39,197 | \$ 18,066 | \$ 17,358 | \$ 11,242 | \$ 3,802 | \$ 8,986 | \$ 295,662 | \$ 463,956 | \$ 60,357 |
| 2006 | 135,000 | 32,242 | 18,202 | 16,555 | 7,104 | 3,071 | - | - | 160,306 | 51,868 |
| 2007 | 145,000 | 24,952 | 18,346 | 15,735 | 7,051 | 2,610 | - | - | 170,397 | 43,297 |
| 2008 | 150,000 | 17,050 | 23,497 | 14,901 | 7,510 | 2,151 | - | - | 181,007 | 34,102 |
| 2009 | 160,000 | 8,800 | 23,660 | 13,809 | 7,998 | 1,663 | - | - | 191,658 | 24,272 |
| 2010-14 | - | - | 126,192 | 51,405 | 24,541 | 1,733 | - | - | 150,733 | 53,138 |
| 2015-19 | - | - | 126,110 | 16,443 | - | - | - | - | 126,110 | 16,443 |
| | \$720,000 | \$122,241 | \$354,073 | \$146,206 | \$ 65,446 | \$15,030 | \$ 8,986 | \$ 295,662 | \$ 1,444,167 | \$283,477 |

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Long-term obligations (continued)

B. The future maturities of obligations outstanding as of June 30, 2004, are as follows: (continued)

Business-type Activities

| Fiscal Year | Loans | | | | | | | | | |
|----------------|--|------------------|-------------------|------------------|-------------------|-------------------|--|---------------------|----------------------|---------------------|
| | Oregon Economic Development Department | | | | | | Oregon Department of Environmental Quality | | | |
| | B91002 | | B91202 | | G98002 | | R98411 | | R98412 | |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2005 | \$ 19,031 | \$ 12,969 | \$ 17,824 | \$ 11,278 | \$ 23,784 | \$ 19,679 | \$ 169,764 | \$ 125,821 | \$ 1,004,687 | \$ 904,473 |
| 2006 | 25,136 | 11,732 | 18,950 | 10,151 | 23,945 | 18,670 | 176,501 | 119,083 | 1,043,944 | 865,215 |
| 2007 | 27,284 | 10,097 | 20,148 | 8,954 | 24,114 | 17,639 | 183,506 | 112,079 | 1,084,736 | 824,424 |
| 2008 | 29,058 | 8,324 | 21,421 | 7,680 | 24,293 | 16,592 | 190,789 | 104,796 | 1,127,121 | 782,038 |
| 2009 | 30,947 | 6,436 | 22,775 | 6,327 | 24,485 | 15,510 | 198,360 | 97,225 | 1,171,163 | 737,997 |
| 2010-14 | 61,107 | 6,705 | 77,330 | 9,974 | 145,721 | 59,034 | 1,116,319 | 361,602 | 6,579,079 | 2,966,717 |
| 2015-19 | - | - | - | - | 150,452 | 19,226 | 1,208,335 | 121,797 | 7,968,901 | 1,576,897 |
| 2020-24 | - | - | - | - | - | - | - | - | 3,640,521 | 177,797 |
| 2024-29 | - | - | - | - | - | - | - | - | - | - |
| | <u>\$ 192,563</u> | <u>\$ 56,263</u> | <u>\$ 178,448</u> | <u>\$ 54,364</u> | <u>\$ 416,794</u> | <u>\$ 166,350</u> | <u>\$ 3,243,574</u> | <u>\$ 1,042,403</u> | <u>\$ 23,620,152</u> | <u>\$ 8,835,558</u> |

| Fiscal Year | Loans | | | | Accum- ulated unpaid acation | Totals | |
|----------------|---------------------|--------------|--------------------|--------------|---------------------------------------|---------------|---------------|
| | Safe Drinking Water | | General Obligation | | | | |
| | Revolving Loan Fund | | Bonds - 2003 | | | | |
| | Y02007 | | Bonds - 2003 | | | | |
| Principal | Interest | Principal | Interest | Principal | Interest | | |
| 2005 | \$ 77,662 | \$ 66,340 | \$ 211,066 | \$ 353,361 | \$ 56,686 | \$ 1,580,504 | \$ 1,493,921 |
| 2006 | 80,931 | 96,241 | 217,148 | 339,347 | - | 1,586,555 | 1,460,439 |
| 2007 | 84,339 | 92,834 | 223,262 | 332,833 | - | 1,647,389 | 1,398,860 |
| 2008 | 87,889 | 89,283 | 229,410 | 326,135 | - | 1,709,981 | 1,334,848 |
| 2009 | 91,589 | 85,583 | 240,592 | 319,252 | - | 1,779,911 | 1,268,330 |
| 2010-14 | 519,137 | 366,723 | 1,313,158 | 1,477,253 | - | 9,811,851 | 5,248,008 |
| 2015-19 | 638,012 | 247,849 | 1,573,590 | 1,210,579 | - | 11,539,290 | 3,176,348 |
| 2020-24 | 784,107 | 101,754 | 1,951,592 | 840,524 | - | 6,376,220 | 1,120,075 |
| 2024-29 | - | - | 2,440,182 | 348,635 | - | 2,440,182 | 348,635 |
| | \$ 2,363,666 | \$ 1,146,607 | \$ 8,400,000 | \$ 5,547,919 | \$ 56,686 | \$ 38,471,883 | \$ 16,849,464 |

9. Commitments

The City leases police cars, police motorcycles, copiers and real estate under operating leases. Rental disbursements for the year ended June 30, 2004 were \$97,355.

Future minimum lease payments for years subsequent to June 30, 2004, are as follows:

| | |
|---------|------------|
| 2004-05 | \$ 108,734 |
| 2005-06 | 109,079 |
| 2006-07 | 95,296 |
| 2007-08 | 54,792 |
| 2008-09 | 54,083 |
| 2009-10 | 18,028 |

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan – The Retirement Plan for Employees of City of Woodburn, Oregon

A. Plan description

The City sponsors a single-employer defined benefit pension plan that covers non-executive employees who have completed six months of employment with the City and executive employees, except the police chief, who elect coverage under this plan. It provides retirement and disability benefits, cost of living adjustments and death benefits to members and beneficiaries. It also provides for post-retirement healthcare benefits for retired general service employees age 62 and older in an amount not to exceed \$60 per month. The City Council has the authority to amend the benefit provisions of the plan.

On November 5, 1998, the City decided to integrate its retirement plan into the Oregon Public Employees Retirement System (PERS) pursuant to ORS 238.680. The City ceased contributions to its retirement plan in December 1998, except for one employee who continued under the plan until August 2000. In December 1998, the City transferred \$6,738,120 to PERS under the integration agreement with PERS. The remaining assets of the retirement plan are to provide retirement benefits to employees who have already retired or elected to remain in the plan.

Membership of the plan consisted of eight inactive members at July 1, 2003, the date of the latest actuarial valuation available as of the date of this report.

B. Funding status and progress

The pension benefit obligation (PBO), which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure is intended to help assess the funding status of the plan, to assess progress made in accumulating sufficient assets to pay benefits when due, and to make comparisons among employers. The latest actuarial valuation was performed as of July 1, 2003.

Significant actuarial assumptions used to compute the PBO were as follows:

| | |
|---------------------------|---------------------------------|
| Investment earnings: | 5.5% (net of all plan expenses) |
| Salary increases: | none (effective July 1, 2001) |
| Cost-of-living increases: | 2.0% |

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan – Pacific Life (continued)

C. Schedule of employer contributions

| <u>Fiscal Year Ended June 30,</u> | <u>Annual Required Contribution and Annual Pension Cost</u> | <u>Percentage Contributed</u> | <u>Net Pension Obligation</u> |
|---|---|-----------------------------------|-----------------------------------|
| 1992 | \$ 336,849 | 100% | \$ -- |
| 1993 | 359,033 | 100% | -- |
| 1994 | 400,481 | 100% | -- |
| 1995 | 433,486 | 100% | -- |
| 1996 | 426,819 | 100% | -- |
| 1997 | 458,355 | 100% | -- |
| 1998 | 449,920 | 100% | -- |
| 1999 | 202,223 | 100% | -- |
| 2000 | 3,106 | 100% | -- |
| 2001 | 294 | 100% | -- |
| 2002 | -- | 100% | -- |
| 2003 | -- | 100% | -- |
| 2004 | -- | 100% | -- |

11. Defined benefit pension plan – Oregon PERS

A. Plan description

The City participates in the Oregon Public Employees Retirement System (PERS) which is governed by the provisions of Oregon Revised Statutes Chapter 238. PERS is a cost-sharing multiple-employer defined benefit pension plan which provides retirement and disability benefits, cost of living adjustments and death benefits to members and beneficiaries.

The governing authority of the system is the Public Employees Retirement Board (PERB) which is required to take actions necessary to maintain the system as a qualified governmental retirement plan under the Internal Revenue Code and related regulations. In this regard, PERB may impose limits on contributions, benefit payments and other limitations or procedures.

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees System, P.O. Box 23700, Tigard, OR 97281-3700 or by calling (503) 598-7377.

B. Funding policy

The contribution rate of 6 percent of salary for members is set by state statute. The contribution rate for the City is set by PERB and is periodically changed based upon actuarial computations of the amount needed to adequately provide for benefits. The City's current rate is 8.17 percent of member salaries.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Defined benefit pension plan – Oregon PERS (continued)

C. Annual pension cost

For 2003-04, the City's annual pension cost of \$491,806 was equal to the City's required and actual contributions. The required contribution was determined by the integration agreement with PERS and using the entry age actuarial cost method.

D. Three-year trend information

| | Fiscal Year Ended June 30, | | |
|-------------------------------|----------------------------|------------|------------|
| | 2004 | 2003 | 2002 |
| Annual Pension Cost (APC) | \$ 491,806 | \$ 485,117 | \$ 446,399 |
| Percentage of APC contributed | 100% | 100% | 100% |
| Net pension obligation | \$ -- | \$ -- | \$ -- |

12. Defined contribution pension plan

The City sponsors a defined contribution pension plan administered by ICMA Retirement Corp. to provide retirement benefits for the City Administrator, City Attorney and Public Works Director. The plan provisions and contribution requirements are established and may be amended by the City Council. The City has established a contribution rate of 17.3 percent, 7 percent and 8 percent of covered salary for the three positions, respectively. The City contributed \$34,804 to the plan for the year ended June 30, 2004.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

13. Segment information for Enterprise Funds

The City maintains two Enterprise Funds, which provide water and wastewater services.

Summary financial information for the water and wastewater utilities for the year ended June 30, 2004, is as follows:

| Condensed statement of net assets | <u>Water</u> | <u>Wastewater</u> |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | \$ 4,343,675 | \$ 5,094,468 |
| Restricted cash and investments | 563,766 | - |
| Capital assets | <u>17,702,200</u> | <u>42,855,703</u> |
| Total assets | <u>22,609,641</u> | <u>47,950,171</u> |
| Liabilities | | |
| Current liabilities | 2,081,236 | 492,770 |
| Noncurrent liabilities | <u>10,474,938</u> | <u>27,651,531</u> |
| Total liabilities | <u>12,556,174</u> | <u>28,144,301</u> |
| Net assets | | |
| Invested in capital assets, net of related debt | 6,938,534 | 15,204,172 |
| Restricted | 1,236,282 | 2,690,507 |
| Unrestricted | <u>1,878,651</u> | <u>1,911,191</u> |
| Total net assets | <u>\$ 10,053,467</u> | <u>\$ 19,805,870</u> |
| Condensed statement of revenues, expenses and changes in net assets | | |
| Operating revenue | \$ 2,292,646 | \$ 3,464,389 |
| Depreciation expense | 108,392 | 2,029,522 |
| Other operating expenses | <u>954,353</u> | <u>1,761,823</u> |
| Operating income (loss) | 1,229,901 | (326,956) |
| Nonoperating revenues (expenses) | <u>(184,035)</u> | <u>(1,047,687)</u> |
| Income (loss) before capital contributions and transfers | 1,045,866 | (1,374,643) |
| Capital contributions | 421,505 | 671,320 |
| Transfers in | 618,044 | 30,464 |
| Transfers out | <u>(854,900)</u> | <u>(434,707)</u> |
| Change in net assets | 1,230,515 | (1,107,566) |
| Net assets – beginning | <u>8,822,952</u> | <u>20,913,436</u> |
| Net assets – ending | <u>\$ 10,053,467</u> | <u>\$ 19,805,870</u> |
| Condensed Statement cash flows | | |
| Cash provided by operating activities | \$ 1,430,893 | \$ 1,909,396 |
| Cash (used in) noncapital financing activities | (239,900) | (434,707) |
| Cash (used in) capital and related financing activities | (303,907) | (1,889,661) |
| Cash provided by investing activities | <u>36,171</u> | <u>58,004</u> |
| Net increase (decrease) in cash | 923,257 | (356,968) |
| Cash - beginning of year | <u>3,192,989</u> | <u>5,194,737</u> |
| Cash - end of year | <u>\$ 4,116,246</u> | <u>\$ 4,837,769</u> |

14. Contingencies - accumulated sick leave

Portions of sick leave accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2004, City employees had accumulated 3,373 days of sick leave.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

15. Risk management

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets; torts; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

16. Construction commitments

The Oregon Safe Drinking Water Revolving Loan Fund has made a loan commitment to the City in the amount of \$4,000,000. As of June 30, 2004 the City had drawn \$2,363,666, leaving a balance available of \$1,636,334. This amount will be used to fund construction contract commitments as follows:

| | | |
|-----------------------------------|----|-----------|
| Well houses and pumping equipment | \$ | 231 |
| Water treatment | | 2,289,430 |
| Reservoirs | | 668,824 |

17. Interfund transfers

Cash transfers are indicative of funding for capital projects, debt service, subsidies of various city operations and re-allocations of special revenues. The following schedule briefly summarizes the city's transfer activity:

Non-cash transfers occur between proprietary funds for payment of debt by a fund when the long-term obligation is reported in a different fund or when a proprietary fund acquires a capital asset which will be used in a different fund's operations.

| Transfers out | Transfers In: | | | | | | Total |
|----------------------------|---------------|--------------------------------|--------------|----------------------------|----------------------------------|------------------------------|--------------|
| | Street | Other Governmental Funds | Water | Water Well Construction | Wastewater Treatment Plant | Internal Service Funds | |
| Cash | | | | | | | |
| General | \$ 280,000 | \$ 205,257 | \$ - | \$ - | \$ - | \$ - | \$ 485,257 |
| Street | - | 27,940 | - | - | - | 188,000 | 215,940 |
| Transportation Impact Fee | - | 370,000 | - | - | - | - | 370,000 |
| Other Governmental Funds | 20,000 | 78,880 | - | - | - | - | 98,880 |
| Water | - | 34,900 | - | 550,000 | - | 270,000 | 854,900 |
| Wastewater Treatment Plant | - | 89,707 | 65,000 | - | - | 280,000 | 434,707 |
| Internal service funds | - | 12,740 | - | - | - | - | 12,740 |
| Total cash transfers | 300,000 | 819,424 | 65,000 | 550,000 | - | 738,000 | 2,472,424 |
| Non-cash | | | | | | | |
| Governmental activities | - | - | 3,044 | - | 30,464 | 20,861 | 54,369 |
| Water Well Construction | - | - | 1,474,304 | - | - | - | 1,474,304 |
| Wastewater Treatment | | | | | | | |
| Plant Construction | - | - | - | - | 1,280,520 | - | 1,280,520 |
| Other Enterprise | - | - | - | - | 21,570 | - | 21,570 |
| Total non-cash transfers | - | - | 1,477,348 | - | 1,332,554 | 20,861 | 2,830,763 |
| Total transfers | \$ 300,000 | \$ 819,424 | \$ 1,542,348 | \$ 550,000 | \$ 1,332,554 | \$ 758,861 | \$ 5,303,187 |

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

CITY OF WOODBURN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRANSPORTATION IMPACT FEE - CAPITAL PROJECTS FUND (A MAJOR FUND)
Year Ended June 30, 2004

| | Budget | Actual | Variance |
|---|------------------|---------------------|---------------------|
| REVENUES | | | |
| System development charges | \$ 1,100,000 | \$ 1,151,137 | \$ 51,137 |
| Interest | 100,000 | 71,466 | (28,534) |
| TOTAL REVENUES | <u>1,200,000</u> | <u>1,222,603</u> | <u>22,603</u> |
| EXPENDITURES | | | |
| Material and services | 300,000 | -- | 300,000 |
| Capital outlay | 3,954,203 | 2,786,050 | 1,168,153 |
| Contingency | 2,660,156 | -- | 2,660,156 |
| TOTAL EXPENDITURES | <u>6,914,359</u> | <u>2,786,050</u> | <u>4,128,309</u> |
| Excess (deficiency) of revenues over expenditures | (5,714,359) | (1,563,447) | 4,150,912 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (370,000) | (370,000) | -- |
| Net change in fund balance | (6,084,359) | (1,933,447) | 4,150,912 |
| Fund balance at beginning of year | 6,084,359 | 6,084,359 | -- |
| Fund balance at end of year | <u>\$ --</u> | <u>\$ 4,150,912</u> | <u>\$ 4,150,912</u> |

CITY OF WOODBURN

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2004

| | Special Revenue | Debt Service | Capital Projects | Totals |
|--|---------------------|-------------------|---------------------|---------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 1,599,743 | \$ 386,794 | \$ 5,066,037 | \$ 7,052,574 |
| Receivables | 918,090 | 24,560 | 196,687 | 1,139,337 |
| Advances to other funds | -- | -- | 85,000 | 85,000 |
| TOTAL ASSETS | \$ 2,517,833 | \$ 411,354 | \$ 5,347,724 | \$ 8,276,911 |
| <u>LIABILITIES</u> | | | | |
| Accounts payable and accrued items | \$ 1,402 | \$ -- | \$ 432,945 | \$ 434,347 |
| Advances from other funds | -- | -- | 85,000 | 85,000 |
| Deferred revenue | 864,753 | 21,121 | 181,609 | 1,067,483 |
| Matured coupons payable | -- | 933 | -- | 933 |
| TOTAL LIABILITIES | 866,155 | 22,054 | 699,554 | 1,587,763 |
| <u>FUND BALANCES</u> | | | | |
| Reserved for debt service | -- | 389,300 | -- | 389,300 |
| Unreserved | 1,651,678 | -- | 4,648,170 | 6,299,848 |
| TOTAL FUND BALANCES | 1,651,678 | 389,300 | 4,648,170 | 6,689,148 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 2,517,833 | \$ 411,354 | \$ 5,347,724 | \$ 8,276,911 |

CITY OF WOODBURN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS Year Ended June 30, 2004

| | Special Revenue | Debt Service | Capital Projects | Totals |
|---|--------------------|-----------------|---------------------|------------------|
| REVENUES | | | | |
| Property taxes | \$ 115,492 | \$ 471,260 | \$ - | \$ 586,752 |
| System development charges | - | - | 332,898 | 332,898 |
| Franchise fees | 14,455 | - | 251,669 | 266,124 |
| Permits and fees | 281,263 | - | - | 281,263 |
| Intergovernmental | 449,504 | - | 70,162 | 519,666 |
| Interest | 18,910 | 1,804 | 100,305 | 121,019 |
| Other | 143,404 | - | 389,861 | 533,265 |
| TOTAL REVENUES | 1,023,028 | 473,064 | 1,144,895 | 2,640,987 |
| EXPENDITURES | | | | |
| General government | 584,642 | - | 172,887 | 757,529 |
| Public safety | 5,000 | - | - | 5,000 |
| Highways and streets | 3,950 | - | 38,666 | 42,616 |
| Capital outlay | 139,274 | - | 2,054,680 | 2,193,954 |
| Debt service | 28,285 | 170,823 | 80,107 | 279,215 |
| TOTAL EXPENDITURES | 761,151 | 170,823 | 2,346,340 | 3,278,314 |
| Excess (deficiency) of revenues over expenditures | 261,877 | 302,241 | (1,201,445) | (637,327) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 75,077 | - | 744,347 | 819,424 |
| Transfers out | (98,880) | - | - | (98,880) |
| TOTAL OTHER FINANCING SOURCES (USES) | (23,803) | - | 744,347 | 720,544 |
| Net change in fund balances | 238,074 | 302,241 | (457,098) | 83,217 |
| Fund balance at beginning of year | 1,413,604 | 87,059 | 5,105,268 | 6,605,931 |
| Fund balance at end of year | \$ 1,651,678 | \$ 389,300 | \$ 4,648,170 | \$ 6,689,148 |

CITY OF WOODBURN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
June 30, 2004

| | General Operating Reserve | Transit System | Investigation and Seizure | State Revenue Sharing |
|--|---------------------------------|-------------------|------------------------------|--------------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 209,789 | \$ 35,123 | \$ 7,983 | \$ 110,185 |
| Receivables | -- | 7,554 | -- | 38,215 |
| TOTAL ASSETS | \$ 209,789 | \$ 42,677 | \$ 7,983 | \$ 148,400 |
| <u>LIABILITIES</u> | | | | |
| Accounts payable and accrued items | \$ -- | 5 | \$ -- | -- |
| Deferred revenue | -- | 6,722 | -- | -- |
| TOTAL LIABILITIES | -- | 6,727 | -- | -- |
| <u>FUND BALANCES</u> | | | | |
| Unreserved | 209,789 | 35,950 | 7,983 | 148,400 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 209,789 | \$ 42,677 | \$ 7,983 | \$ 148,400 |

Continued on page 39

| Housing Rehabilitation | Federal Programs | Cable Franchise Management | City Gas Tax | Building | Library Endowment | Museum Endowment | Totals |
|---------------------------|---------------------|----------------------------------|-------------------|-------------------|----------------------|---------------------|---------------------|
| \$ 502,890 | \$ 22,244 | \$ 2,493 | \$ 302,940 | \$ 375,217 | \$ 21,542 | \$ 9,337 | \$ 1,599,743 |
| 858,031 | -- | 3,492 | 10,798 | -- | -- | -- | 918,090 |
| <u>\$ 1,360,921</u> | <u>\$ 22,244</u> | <u>\$ 5,985</u> | <u>\$ 313,738</u> | <u>\$ 375,217</u> | <u>\$ 21,542</u> | <u>\$ 9,337</u> | <u>\$ 2,517,833</u> |
| \$ -- | \$ 2 | \$ -- | \$ -- | \$ 1,395 | \$ -- | \$ -- | \$ 1,402 |
| 858,031 | -- | -- | -- | -- | -- | -- | 864,753 |
| 858,031 | 2 | -- | -- | 1,395 | -- | -- | 866,155 |
| <u>502,890</u> | <u>22,242</u> | <u>5,985</u> | <u>313,738</u> | <u>373,822</u> | <u>21,542</u> | <u>9,337</u> | <u>1,651,678</u> |
| <u>\$ 1,360,921</u> | <u>\$ 22,244</u> | <u>\$ 5,985</u> | <u>\$ 313,738</u> | <u>\$ 375,217</u> | <u>\$ 21,542</u> | <u>\$ 9,337</u> | <u>\$ 2,517,833</u> |

CITY OF WOODBURN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES SPECIAL REVENUE FUNDS Year Ended June 30, 2004

| | General Operating Reserve | Transit System | Investigation and Seizure | State Revenue Sharing |
|---|---------------------------------|-------------------|------------------------------|--------------------------|
| REVENUES | | | | |
| Property taxes | \$ - | \$ 115,492 | \$ - | \$ - |
| Franchise fees | - | - | - | - |
| Permits and fees | - | - | - | - |
| Intergovernmental | - | 63,268 | - | 190,579 |
| Interest | 2,446 | 446 | 143 | 1,210 |
| Other | 2,332 | 19,705 | - | - |
| TOTAL REVENUES | <u>4,778</u> | <u>198,911</u> | <u>143</u> | <u>191,789</u> |
| EXPENDITURES | | | | |
| General government | - | 212,601 | - | - |
| Public safety | - | - | 5,000 | - |
| Highways and streets | - | - | - | 3,950 |
| Capital outlay | - | - | - | 57,141 |
| Debt service | - | - | - | 28,285 |
| TOTAL EXPENDITURES | <u>-</u> | <u>212,601</u> | <u>5,000</u> | <u>89,376</u> |
| Excess (deficiency) of revenues over expenditures | <u>4,778</u> | <u>(13,690)</u> | <u>(4,857)</u> | <u>102,413</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 21,800 | - | - |
| Transfers out | - | (1,960) | - | (20,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>19,840</u> | <u>-</u> | <u>(20,000)</u> |
| Net change in fund balances | 4,778 | 6,150 | (4,857) | 82,413 |
| Fund balance at beginning of year | <u>205,011</u> | <u>29,800</u> | <u>12,840</u> | <u>65,987</u> |
| Fund balance at end of year | <u>\$ 209,789</u> | <u>\$ 35,950</u> | <u>\$ 7,983</u> | <u>\$ 148,400</u> |

Continued on page 41

| Housing Rehabilitation | Federal Programs | Cable Franchise Management | City Gas Tax | Building | Library Endowment | Museum Endowment | Totals |
|---------------------------|---------------------|----------------------------------|-----------------|------------|----------------------|---------------------|--------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 115,492 |
| - | - | 14,455 | - | - | - | - | 14,455 |
| - | - | - | - | 281,263 | - | - | 281,263 |
| - | 58,661 | - | 136,996 | - | - | - | 449,504 |
| 6,193 | 179 | 34 | 2,783 | 4,693 | 677 | 106 | 18,910 |
| 112,884 | - | 4,346 | - | 2,841 | - | 1,296 | 143,404 |
| 119,077 | 58,840 | 18,835 | 139,779 | 288,797 | 677 | 1,402 | 1,023,028 |
| 12,129 | 94,760 | 18,536 | - | 246,616 | - | - | 584,642 |
| - | - | - | - | - | - | - | 5,000 |
| - | - | - | - | - | - | - | 3,950 |
| 55,000 | - | - | 8,670 | 18,463 | - | - | 139,274 |
| - | - | - | - | - | - | - | 28,285 |
| 67,129 | 94,760 | 18,536 | 8,670 | 265,079 | - | - | 761,151 |
| 51,948 | (35,920) | 299 | 131,109 | 23,718 | 677 | 1,402 | 261,877 |
| - | 53,277 | - | - | - | - | - | 75,077 |
| (15,000) | (980) | - | - | (2,940) | 58,000 | - | (98,880) |
| (15,000) | 52,297 | - | - | (2,940) | (58,000) | - | (23,803) |
| 36,948 | 16,377 | 299 | 131,109 | 20,778 | (57,323) | 1,402 | 238,074 |
| 465,942 | 5,865 | 5,686 | 182,629 | 353,044 | 78,865 | 7,935 | 1,413,604 |
| \$ 502,890 | \$ 22,242 | \$ 5,985 | \$ 313,738 | \$ 373,822 | \$ 21,542 | \$ 9,337 | \$ 1,651,678 |

CITY OF WOODBURN
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2004

| | Bonded Debt | Bancroft Bond Redemption | Urban Renewal Debt Service | Totals |
|--|-------------------|-----------------------------|-------------------------------|-------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 97,082 | \$ 6,310 | \$ 283,402 | \$ 386,794 |
| Receivables | 12,580 | -- | 11,980 | 24,560 |
| TOTAL ASSETS | \$ 109,662 | \$ 6,310 | \$ 295,382 | \$ 411,354 |
| <u>LIABILITIES</u> | | | | |
| Deferred revenue | 11,603 | -- | 9,518 | 21,121 |
| Matured coupons payable | -- | 933 | -- | 933 |
| TOTAL LIABILITIES | 11,603 | 933 | 9,518 | 22,054 |
| <u>FUND BALANCES</u> | | | | |
| Reserved for debt service | 98,059 | 5,377 | 285,864 | 389,300 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 109,662 | \$ 6,310 | \$ 295,382 | \$ 411,354 |

CITY OF WOODBURN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES DEBT SERVICE FUNDS Year Ended June 30, 2004

| | Bonded Debt | Bancroft Bond Redemption | Urban Renewal Debt Service | Totals |
|-----------------------------------|----------------|-----------------------------|-------------------------------|------------|
| REVENUES | | | | |
| Property taxes | \$ 185,396 | \$ - | \$ 285,864 | \$ 471,260 |
| Interest | 1,750 | 54 | - | 1,804 |
| TOTAL REVENUES | 187,146 | 54 | 285,864 | 473,064 |
| EXPENDITURES | | | | |
| Debt service | 170,823 | - | - | 170,823 |
| Net change in fund balances | 16,323 | 54 | 285,864 | 302,241 |
| Fund balance at beginning of year | 81,736 | 5,323 | - | 87,059 |
| Fund balance at end of year | \$ 98,059 | \$ 5,377 | \$ 285,864 | \$ 389,300 |

CITY OF WOODBURN
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
June 30, 2004

| | Special Assessment | Street/Storm Drain Capital Improvement | Parks/ Recreation Capital Improvement | Information Services |
|--|-----------------------|--|--|-------------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 500,364 | \$ 1,912,778 | \$ 476,982 | \$ 83,750 |
| Receivables | 181,609 | 15,078 | -- | -- |
| Advances to other funds | -- | 85,000 | -- | -- |
| TOTAL ASSETS | \$ 681,973 | \$ 2,012,856 | \$ 476,982 | \$ 83,750 |
| <u>LIABILITIES</u> | | | | |
| Accounts payable and accrued items | \$ 27,376 | \$ 342,208 | -- | \$ 40 |
| Advances from other funds | 85,000 | -- | -- | -- |
| Deferred revenue | 181,609 | -- | -- | -- |
| TOTAL LIABILITIES | 293,985 | 342,208 | -- | 40 |
| <u>FUND BALANCES</u> | | | | |
| Unreserved | 387,988 | 1,670,648 | 476,982 | 83,710 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 681,973 | \$ 2,012,856 | \$ 476,982 | \$ 83,750 |

Continued on page 45

| Storm Water System Development | Public Works Facility Construction | Economic Development | General Fund Capital Improvement | Equipment Replacement | Cipriano Ferrel | Totals |
|--------------------------------------|--|-------------------------|--|--------------------------|--------------------|---------------------|
| \$ 1,015,839 | \$ 42,234 | \$ 326,163 | \$ 168,698 | \$ 539,381 | \$ (152) | \$ 5,066,037 |
| -- | -- | -- | -- | -- | -- | 196,687 |
| -- | -- | -- | -- | -- | -- | 85,000 |
| <u>\$ 1,015,839</u> | <u>\$ 42,234</u> | <u>\$ 326,163</u> | <u>\$ 168,698</u> | <u>\$ 539,381</u> | <u>\$ (152)</u> | <u>\$ 5,347,724</u> |
| \$ -- | \$ -- | \$ -- | \$ 31,107 | \$ 32,214 | \$ -- | \$ 432,945 |
| -- | -- | -- | -- | -- | -- | 85,000 |
| -- | -- | -- | -- | -- | -- | 181,609 |
| -- | -- | -- | 31,107 | 32,214 | -- | 699,554 |
| <u>1,015,839</u> | <u>42,234</u> | <u>326,163</u> | <u>137,591</u> | <u>507,167</u> | <u>(152)</u> | <u>4,648,170</u> |
| <u>\$ 1,015,839</u> | <u>\$ 42,234</u> | <u>\$ 326,163</u> | <u>\$ 168,698</u> | <u>\$ 539,381</u> | <u>\$ (152)</u> | <u>\$ 5,347,724</u> |

CITY OF WOODBURN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES CAPITAL PROJECTS FUNDS Year Ended June 30, 2004

| | Special Assessment | Street/Storm Drain Capital Improvement | Parks/ Recreation Capital Improvement | Information Services |
|---|-----------------------|--|--|-------------------------|
| REVENUES | | | | |
| System development charges | \$ - | \$ - | \$ 223,227 | \$ - |
| Franchise fees | - | 251,669 | - | - |
| Intergovernmental | - | - | - | - |
| Interest | 6,223 | 63,964 | 4,485 | 881 |
| Other | 375,909 | - | - | 13,943 |
| TOTAL REVENUES | <u>382,132</u> | <u>315,633</u> | <u>227,712</u> | <u>14,824</u> |
| EXPENDITURES | | | | |
| General government | 38,885 | - | - | 134,002 |
| Highways and streets | - | 34,869 | - | - |
| Capital outlay | 534,136 | 338,998 | - | 17,859 |
| Debt service | 44,022 | - | - | - |
| TOTAL EXPENDITURES | <u>617,043</u> | <u>373,867</u> | <u>-</u> | <u>151,861</u> |
| Excess (deficiency) of revenues over expenditures | (234,911) | (58,234) | 227,712 | (137,037) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | 161,347 |
| Net change in fund balances | (234,911) | (58,234) | 227,712 | 24,310 |
| Fund balance at beginning of year | 622,899 | 1,728,882 | 249,270 | 59,400 |
| Fund balance at end of year | <u>\$ 387,988</u> | <u>\$ 1,670,648</u> | <u>\$ 476,982</u> | <u>\$ 83,710</u> |

Continued on page 47

| Storm Water System Development | Public Works Facility Construction | Economic Development | General Fund Capital Improvement | Equipment Replacement | Cipriano Ferrel | Totals |
|--------------------------------------|--|-------------------------|--|--------------------------|--------------------|--------------|
| \$ 109,671 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 332,898 |
| - | - | - | - | - | - | 251,669 |
| - | - | - | (15,344) | - | 85,506 | 70,162 |
| 11,546 | 506 | 3,956 | 2,479 | 6,265 | - | 100,305 |
| 9 | - | - | - | - | - | 389,861 |
| 121,226 | 506 | 3,956 | (12,865) | 6,265 | 85,506 | 1,144,895 |
| - | - | - | - | - | - | 172,887 |
| 3,797 | - | - | - | - | - | 38,666 |
| 10,712 | 3,278 | - | 877,452 | 186,587 | 85,658 | 2,054,680 |
| - | - | 36,085 | - | - | - | 80,107 |
| 14,509 | 3,278 | 36,085 | 877,452 | 186,587 | 85,658 | 2,346,340 |
| 106,717 | (2,772) | (32,129) | (890,317) | (180,322) | (152) | (1,201,445) |
| - | - | - | 443,000 | 140,000 | - | 744,347 |
| 106,717 | (2,772) | (32,129) | (447,317) | (40,322) | (152) | (457,098) |
| 909,122 | 45,006 | 358,292 | 584,908 | 547,489 | - | 5,105,268 |
| \$ 1,015,839 | \$ 42,234 | \$ 326,163 | \$ 137,591 | \$ 507,167 | \$ (152) | \$ 4,648,170 |

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

The various special revenue funds account for revenues derived from specific taxes or other earmarked revenue sources, including federal and state grant awards, which are restricted to finance particular functions or activities. Funds included in this category are:

General Operating Reserve – accounts for the accumulation of interest reserved for future expenditures.

Transit System – accounts for resources for the purpose of transportation services.

Investigation and Seizure – accounts for asset seizure and forfeiture resources for the purpose of police services.

State Revenue Sharing – accounts for resources and expenditures for the purpose of complying with regulatory requirements.

Housing Rehabilitation – accounts for grant and loan resources for the purpose of providing loans to low-income homeowners for housing rehabilitation.

Federal Programs – accounts for grants for the purpose of administering the City's retired senior volunteer program.

Cable Franchise Management – accounts for resources for the purpose of operating, repairing and upgrading cable access programming.

City Gas Tax – accounts for the resources for the purpose of repair and maintenance of the City's streets.

Building – accounts for resources for the purpose of enforcing building code.

Library Endowment – accounts for donations and other resources for the purpose of purchasing books and equipment.

Museum Endowment – account for donations and other resources for the purpose of acquiring additions to the Museum's collection.

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL OPERATING RESERVE - SPECIAL REVENUE FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|-----------------------------------|------------|------------|------------|
| REVENUES | | | |
| Interest | \$ 4,000 | \$ 2,446 | \$ (1,554) |
| Other | -- | 2,332 | 2,332 |
| TOTAL REVENUES | 4,000 | 4,778 | 778 |
| EXPENDITURES | | | |
| Contingency | 100,000 | -- | 100,000 |
| Net change in fund balance | (96,000) | 4,778 | 100,778 |
| Fund balance at beginning of year | 205,000 | 205,011 | 11 |
| Fund balance at end of year | \$ 109,000 | \$ 209,789 | \$ 100,789 |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRANSIT SYSTEM - SPECIAL REVENUE FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|---|------------|------------|-----------|
| REVENUES | | | |
| Property taxes | \$ 115,729 | \$ 115,492 | \$ (237) |
| Intergovernmental | 62,000 | 63,268 | 1,268 |
| Interest | 1,286 | 446 | (840) |
| Other | 27,000 | 19,705 | (7,295) |
| TOTAL REVENUES | 206,015 | 198,911 | (7,104) |
| EXPENDITURES | | | |
| Fixed route | 241,058 | 212,601 | 28,457 |
| Contingency | 9,800 | -- | 9,800 |
| TOTAL EXPENDITURES | 250,858 | 212,601 | 38,257 |
| Excess (deficiency) of revenues over expenditures | (44,843) | (13,690) | 31,153 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 21,800 | 21,800 | -- |
| Transfers out | (1,960) | (1,960) | -- |
| TOTAL OTHER FINANCING SOURCES (USES) | 19,840 | 19,840 | -- |
| Net change in fund balance | (25,003) | 6,150 | 31,153 |
| Fund balance at beginning of year | 25,003 | 29,800 | 4,797 |
| Fund balance at end of year | \$ -- | \$ 35,950 | \$ 35,950 |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INVESTIGATION AND SEIZURE - SPECIAL REVENUE FUND
Year Ended June 30, 2004**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|---------------|-----------------|-----------------|
| REVENUES | | | |
| Interest | \$ -- | \$ 143 | \$ 143 |
| EXPENDITURES | | | |
| Material and services | <u>17,000</u> | <u>5,000</u> | <u>12,000</u> |
| Net change in fund balance | (17,000) | (4,857) | 12,143 |
| Fund balance at beginning of year | <u>17,000</u> | <u>12,840</u> | <u>(4,160)</u> |
| Fund balance at end of year | <u>\$ --</u> | <u>\$ 7,983</u> | <u>\$ 7,983</u> |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE REVENUE SHARING - SPECIAL REVENUE FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|---|----------------|-------------------|-------------------|
| REVENUES | | | |
| Intergovernmental | \$ 125,000 | \$ 190,579 | \$ 65,579 |
| Interest | 1,339 | 1,210 | (129) |
| TOTAL REVENUES | <u>126,339</u> | <u>191,789</u> | <u>65,450</u> |
| EXPENDITURES | | | |
| Material and services | 9,000 | 3,950 | 5,050 |
| Capital outlay | 110,000 | 57,141 | 52,859 |
| Debt service | 28,285 | 28,285 | -- |
| Contingency | 16,822 | -- | 16,822 |
| TOTAL EXPENDITURES | <u>164,107</u> | <u>89,376</u> | <u>74,731</u> |
| Excess (deficiency) of revenues over expenditures | (37,768) | 102,413 | 140,181 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (20,000) | (20,000) | -- |
| Net change in fund balance | (57,768) | 82,413 | 140,181 |
| Fund balance at beginning of year | <u>57,768</u> | <u>65,987</u> | <u>8,219</u> |
| Fund balance at end of year | <u>\$ --</u> | <u>\$ 148,400</u> | <u>\$ 148,400</u> |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOUSING REHABILITATION - SPECIAL REVENUE FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|---|----------------|-------------------|-------------------|
| REVENUES | | | |
| Interest | \$ 5,000 | \$ 6,193 | \$ 1,193 |
| Other | 100,000 | 112,884 | 12,884 |
| TOTAL REVENUES | <u>105,000</u> | <u>119,077</u> | <u>14,077</u> |
| EXPENDITURES | | | |
| Personal services | 22,000 | 12,129 | 9,871 |
| Capital outlay | 55,000 | 55,000 | -- |
| Contingency | 309,942 | -- | 309,942 |
| TOTAL EXPENDITURES | <u>386,942</u> | <u>67,129</u> | <u>319,813</u> |
| Excess (deficiency) of revenues over expenditures | (281,942) | 51,948 | 333,890 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (184,000) | (15,000) | 169,000 |
| Net change in fund balance | (465,942) | 36,948 | 502,890 |
| Fund balance at beginning of year | 465,942 | 465,942 | -- |
| Fund balance at end of year | <u>\$ --</u> | <u>\$ 502,890</u> | <u>\$ 502,890</u> |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEDERAL PROGRAMS - SPECIAL REVENUE FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|---|-----------------|------------------|------------------|
| REVENUES | | | |
| Intergovernmental | \$ 53,681 | \$ 58,661 | \$ 4,980 |
| Interest | -- | 179 | 179 |
| TOTAL REVENUES | <u>53,681</u> | <u>58,840</u> | <u>5,159</u> |
| EXPENDITURES | | | |
| Personal services | 94,911 | 85,677 | 9,234 |
| Material and services | 9,995 | 9,083 | 912 |
| TOTAL EXPENDITURES | <u>104,906</u> | <u>94,760</u> | <u>10,146</u> |
| Excess (deficiency) of revenues over expenditures | <u>(51,225)</u> | <u>(35,920)</u> | <u>15,305</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 53,277 | 53,277 | -- |
| Transfers out | (980) | (980) | -- |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>52,297</u> | <u>52,297</u> | <u>--</u> |
| Net change in fund balance | 1,072 | 16,377 | 15,305 |
| Fund balance at beginning of year | <u>(1,072)</u> | <u>5,865</u> | <u>6,937</u> |
| Fund balance at end of year | <u>\$ --</u> | <u>\$ 22,242</u> | <u>\$ 22,242</u> |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CABLE FRANCHISE MANAGEMENT - SPECIAL REVENUE FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|-----------------------------------|---------------|-----------------|-----------------|
| REVENUES | | | |
| Franchise fees | \$ 18,000 | \$ 14,455 | \$ (3,545) |
| Interest | -- | 34 | 34 |
| Other | 5,500 | 4,346 | (1,154) |
| TOTAL REVENUES | <u>23,500</u> | <u>18,835</u> | <u>(4,665)</u> |
| EXPENDITURES | | | |
| Material and services | 27,000 | 18,536 | 8,464 |
| Contingency | 3,000 | -- | 3,000 |
| TOTAL EXPENDITURES | <u>30,000</u> | <u>18,536</u> | <u>11,464</u> |
| Net change in fund balance | (6,500) | 299 | 6,799 |
| Fund balance at beginning of year | 6,500 | 5,686 | (814) |
| Fund balance at end of year | <u>\$ --</u> | <u>\$ 5,985</u> | <u>\$ 5,985</u> |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CITY GAS TAX - SPECIAL REVENUE FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|-----------------------------------|----------------|-------------------|-------------------|
| REVENUES | | | |
| Intergovernmental | \$ 126,445 | \$ 136,996 | \$ 10,551 |
| Interest | 1,500 | 2,783 | 1,283 |
| TOTAL REVENUES | <u>127,945</u> | <u>139,779</u> | <u>11,834</u> |
| EXPENDITURES | | | |
| Material and services | 7,000 | -- | 7,000 |
| Capital outlay | 237,878 | 8,670 | 229,208 |
| Contingency | 65,696 | -- | 65,696 |
| TOTAL EXPENDITURES | <u>310,574</u> | <u>8,670</u> | <u>301,904</u> |
| Net change in fund balance | (182,629) | 131,109 | 313,738 |
| Fund balance at beginning of year | 182,629 | 182,629 | -- |
| Fund balance at end of year | <u>\$ --</u> | <u>\$ 313,738</u> | <u>\$ 313,738</u> |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUILDING - SPECIAL REVENUE FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|---|------------|------------|------------|
| REVENUES | | | |
| Permits and fees | \$ 283,653 | \$ 281,263 | \$ (2,390) |
| Interest | 4,000 | 4,693 | 693 |
| Other | -- | 2,841 | 2,841 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL REVENUES | 287,653 | 288,797 | 1,144 |
| | <hr/> | <hr/> | <hr/> |
| EXPENDITURES | | | |
| Personal services | 241,399 | 215,561 | 25,838 |
| Material and services | 44,065 | 31,055 | 13,010 |
| Capital outlay | 21,000 | 18,463 | 2,537 |
| Contingency | 331,293 | -- | 331,293 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL EXPENDITURES | 637,757 | 265,079 | 372,678 |
| | <hr/> | <hr/> | <hr/> |
| Excess (deficiency) of revenues over expenditures | (350,104) | 23,718 | 373,822 |
| | <hr/> | <hr/> | <hr/> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (2,940) | (2,940) | -- |
| | <hr/> | <hr/> | <hr/> |
| Net change in fund balance | (353,044) | 20,778 | 373,822 |
| Fund balance at beginning of year | 353,044 | 353,044 | -- |
| | <hr/> | <hr/> | <hr/> |
| Fund balance at end of year | \$ -- | \$ 373,822 | \$ 373,822 |
| | <hr/> | <hr/> | <hr/> |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY ENDOWMENT - SPECIAL REVENUE FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|---|----------|-----------|------------|
| REVENUES | | | |
| Interest | \$ 3,000 | \$ 677 | \$ (2,323) |
| EXPENDITURES | | | |
| Contingency | 25,000 | -- | 25,000 |
| Excess (deficiency) of revenues over expenditures | (22,000) | 677 | 22,677 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (58,000) | (58,000) | -- |
| Net change in fund balance | (80,000) | (57,323) | 22,677 |
| Fund balance at beginning of year | 80,000 | 78,865 | (1,135) |
| Fund balance at end of year | \$ -- | \$ 21,542 | \$ 21,542 |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUSEUM ENDOWMENT - SPECIAL REVENUE FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|-----------------------------------|---------|----------|----------|
| REVENUES | | | |
| Interest | \$ -- | \$ 106 | \$ 106 |
| Other | -- | 1,296 | 1,296 |
| TOTAL REVENUES | -- | 1,402 | 1,402 |
| EXPENDITURES | | | |
| Material and services | 4,000 | -- | 4,000 |
| Net change in fund balance | (4,000) | 1,402 | 5,402 |
| Fund balance at beginning of year | 4,000 | 7,935 | 3,935 |
| Fund balance at end of year | \$ -- | \$ 9,337 | \$ 9,337 |

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Funds

The two Debt Service Funds account for the payment of principal and interest on the general obligation bonds recorded in the General Long-Term Debt Account Group. Revenue is mainly derived from assessments and property taxes levied against property owners. Funds included in this category are:

Bonded Debt – accounts for the payment of general obligation bond principal and interest.

Bancroft Bond Redemption – accounts for the payment of Bancroft improvement bonds principal and interest.

Urban Renewal Debt Service – accounts for the accumulation of resources to repay debt incurred for Urban Renewal projects.

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BONDED DEBT - DEBT SERVICE FUND
Year Ended June 30, 2004**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|----------------|------------------|------------------|
| REVENUES | | | |
| Property taxes | \$ 166,000 | \$ 185,396 | \$ 19,396 |
| Interest | <u>2,000</u> | <u>1,750</u> | <u>(250)</u> |
| TOTAL REVENUES | <u>168,000</u> | <u>187,146</u> | <u>19,146</u> |
| EXPENDITURES | | | |
| Debt service | 171,000 | 170,823 | 177 |
| Contingency | <u>79,000</u> | <u>--</u> | <u>79,000</u> |
| TOTAL EXPENDITURES | <u>250,000</u> | <u>170,823</u> | <u>79,177</u> |
| Net change in fund balance | (82,000) | 16,323 | 98,323 |
| Fund balance at beginning of year | <u>82,000</u> | <u>81,736</u> | <u>(264)</u> |
| Fund balance at end of year | <u>\$ --</u> | <u>\$ 98,059</u> | <u>\$ 98,059</u> |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BANCROFT BOND REDEMPTION - DEBT SERVICE FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|-----------------------------------|---------|----------|----------|
| REVENUES | | | |
| Interest | \$ -- | \$ 54 | \$ 54 |
| EXPENDITURES | | | |
| Debt service | 2,000 | -- | 2,000 |
| Contingency | 3,400 | -- | 3,400 |
| TOTAL EXPENDITURES | 5,400 | -- | 5,400 |
| Net change in fund balance | (5,400) | 54 | 5,454 |
| Fund balance at beginning of year | 5,400 | 5,323 | (77) |
| Fund balance at end of year | \$ -- | \$ 5,377 | \$ 5,377 |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
URBAN RENEWAL DEBT SERVICE - DEBT SERVICE FUND
Year Ended June 30, 2004**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|-----------------|-------------------|-------------------|
| REVENUES | | | |
| Property taxes | \$ 105,000 | \$ 285,864 | \$ 180,864 |
| EXPENDITURES | | | |
| Debt service | <u>100,000</u> | <u>--</u> | <u>100,000</u> |
| Net change in fund balance | 5,000 | 285,864 | 280,864 |
| Fund balance at beginning of year | <u>--</u> | <u>--</u> | <u>--</u> |
| Fund balance at end of year | <u>\$ 5,000</u> | <u>\$ 285,864</u> | <u>\$ 280,864</u> |

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

The various capital projects funds account for the resources used for the acquisition, construction or major improvement of City buildings, streets, water and wastewater projects, parks and recreation facilities. Funds included in this category are:

Special Assessment – accounts for assessment for the purpose of constructing street, water and wastewater capital projects benefiting specific properties.

Street/Storm Drain Capital Improvement – accounts for resources to repair and maintain the City's streets and storm drainage system.

Parks/Recreation Capital Improvement – accounts for resources to acquire and construct park and recreation facilities.

Information Services – accounts for transfers from other funds for the purpose of information services management.

Storm Water System Development – accounts for resources to construct storm water systems.

Public Works Facility Construction – accounts for transfers from other funds for the purpose of constructing a public works shop.

Economic Development – accounts for grants and expenditures for the purpose of constructing infrastructure.

General Fund Capital Improvement – accounts for transfers from the General fund for the purpose of general capital improvements.

Equipment Replacement – accounts for transfers from other funds for the purpose of purchasing equipment.

Cipriano Ferrel – accounts for grants and expenditures for the purpose of constructing the Cipriano Ferrel Center.

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL ASSESSMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|-----------------------------------|-----------|------------|------------|
| REVENUES | | | |
| Interest | \$ 15,000 | \$ 6,223 | \$ (8,777) |
| Other | 430,000 | 375,909 | (54,091) |
| TOTAL REVENUES | 445,000 | 382,132 | (62,868) |
| EXPENDITURES | | | |
| Material and services | 40,000 | 38,885 | 1,115 |
| Capital outlay | 1,027,899 | 534,136 | 493,763 |
| Debt service | -- | 44,022 | (44,022) |
| TOTAL EXPENDITURES | 1,067,899 | 617,043 | 450,856 |
| Net change in fund balance | (622,899) | (234,911) | 387,988 |
| Fund balance at beginning of year | 622,899 | 622,899 | -- |
| Fund balance at end of year | \$ -- | \$ 387,988 | \$ 387,988 |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET/STORM DRAIN CAPITAL IMPROVEMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2004**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|----------------------|-------------------------|-------------------------|
| REVENUES | | | |
| Franchise fees | \$ 266,000 | \$ 251,669 | \$ (14,331) |
| Interest | 20,000 | 63,964 | 43,964 |
| Other | <u>242,600</u> | <u>--</u> | <u>(242,600)</u> |
| TOTAL REVENUES | <u>528,600</u> | <u>315,633</u> | <u>(212,967)</u> |
| EXPENDITURES | | | |
| Material and services | 40,000 | 34,869 | 5,131 |
| Capital outlay | 1,072,334 | 338,998 | 733,336 |
| Contingency | <u>810,148</u> | <u>--</u> | <u>810,148</u> |
| TOTAL EXPENDITURES | <u>1,922,482</u> | <u>373,867</u> | <u>1,548,615</u> |
| Net change in fund balance | (1,393,882) | (58,234) | 1,335,648 |
| Fund balance at beginning of year | <u>1,393,882</u> | <u>1,728,882</u> | <u>335,000</u> |
| Fund balance at end of year | <u>\$ --</u> | <u>\$ 1,670,648</u> | <u>\$ 1,670,648</u> |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARKS/RECREATION CAPITAL IMPROVEMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2004**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|---------------|-------------------|-------------------|
| REVENUES | | | |
| System development charges | \$ 255,000 | \$ 223,227 | \$ (31,773) |
| Interest | -- | 4,485 | 4,485 |
| | | | |
| TOTAL REVENUES | 255,000 | 227,712 | (27,288) |
| | | | |
| EXPENDITURES | | | |
| Contingency | 504,270 | -- | 504,270 |
| | | | |
| Net change in fund balance | (249,270) | 227,712 | 476,982 |
| Fund balance at beginning of year | 249,270 | 249,270 | -- |
| | | | |
| Fund balance at end of year | <u>\$ --</u> | <u>\$ 476,982</u> | <u>\$ 476,982</u> |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INFORMATION SERVICES - CAPITAL PROJECTS FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|---|----------------|------------------|------------------|
| REVENUES | | | |
| Interest | \$ 1,000 | \$ 881 | \$ (119) |
| Other | 1,000 | 13,943 | 12,943 |
| TOTAL REVENUES | <u>2,000</u> | <u>14,824</u> | <u>12,824</u> |
| EXPENDITURES | | | |
| Personal services | 10,000 | 9,002 | 998 |
| Material and services | 125,000 | 125,000 | -- |
| Capital outlay | 26,000 | 17,859 | 8,141 |
| Contingency | 52,630 | -- | 52,630 |
| TOTAL EXPENDITURES | <u>213,630</u> | <u>151,861</u> | <u>61,769</u> |
| Excess (deficiency) of revenues over expenditures | (211,630) | (137,037) | 74,593 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 159,630 | 161,347 | 1,717 |
| Net change in fund balance | (52,000) | 24,310 | 76,310 |
| Fund balance at beginning of year | 52,000 | 59,400 | 7,400 |
| Fund balance at end of year | <u>\$ --</u> | <u>\$ 83,710</u> | <u>\$ 83,710</u> |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STORM WATER SYSTEM DEVELOPMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2004**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|----------------|----------------|-----------------|
| REVENUES | | | |
| System development charges | \$ 52,000 | \$ 109,671 | \$ 57,671 |
| Interest | 16,000 | 11,546 | (4,454) |
| Other | -- | 9 | 9 |
| | <u>68,000</u> | <u>121,226</u> | <u>53,226</u> |
| TOTAL REVENUES | | | |
| | <u>68,000</u> | <u>121,226</u> | <u>53,226</u> |
| EXPENDITURES | | | |
| Material and services | 15,000 | 3,797 | 11,203 |
| Capital outlay | 210,000 | 10,712 | 199,288 |
| Contingency | 752,122 | -- | 752,122 |
| | <u>977,122</u> | <u>14,509</u> | <u>962,613</u> |
| TOTAL EXPENDITURES | | | |
| | <u>977,122</u> | <u>14,509</u> | <u>962,613</u> |
| Net change in fund balance | (909,122) | 106,717 | 1,015,839 |
| Fund balance at beginning of year | 909,122 | 909,122 | -- |
| | <u>909,122</u> | <u>909,122</u> | <u>--</u> |
| Fund balance at end of year | \$ -- | \$ 1,015,839 | \$ 1,015,839 |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC WORKS FACILITY CONSTRUCTION - CAPITAL PROJECTS FUND
Year Ended June 30, 2004**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|---------------|------------------|------------------|
| REVENUES | | | |
| Interest | \$ 1,000 | \$ 506 | \$ (494) |
| Other | <u>2,400</u> | <u>--</u> | <u>(2,400)</u> |
| TOTAL REVENUES | <u>3,400</u> | <u>506</u> | <u>(2,894)</u> |
| EXPENDITURES | | | |
| Capital outlay | 21,000 | 3,278 | 17,722 |
| Contingency | <u>26,772</u> | <u>--</u> | <u>26,772</u> |
| TOTAL EXPENDITURES | <u>47,772</u> | <u>3,278</u> | <u>44,494</u> |
| Net change in fund balance | (44,372) | (2,772) | 41,600 |
| Fund balance at beginning of year | <u>44,372</u> | <u>45,006</u> | <u>634</u> |
| Fund balance at end of year | <u>\$ --</u> | <u>\$ 42,234</u> | <u>\$ 42,234</u> |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2004**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|----------------|-------------------|-------------------|
| REVENUES | | | |
| Interest | \$ 6,500 | \$ 3,956 | \$ (2,544) |
| EXPENDITURES | | | |
| Material and services | 20,000 | -- | 20,000 |
| Capital outlay | 170,000 | -- | 170,000 |
| Debt service | 36,085 | 36,085 | -- |
| Contingency | 140,210 | -- | 140,210 |
| TOTAL EXPENDITURES | <u>366,295</u> | <u>36,085</u> | <u>330,210</u> |
| Net change in fund balance | (359,795) | (32,129) | 327,666 |
| Fund balance at beginning of year | <u>359,795</u> | <u>358,292</u> | <u>(1,503)</u> |
| Fund balance at end of year | <u>\$ --</u> | <u>\$ 326,163</u> | <u>\$ 326,163</u> |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND CAPITAL IMPROVEMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|---|------------------|-------------------|-------------------|
| REVENUES | | | |
| Intergovernmental | \$ 25,000 | \$ (15,344) | \$ (40,344) |
| Interest | -- | 2,479 | 2,479 |
| Other | 25,000 | -- | (25,000) |
| TOTAL REVENUES | <u>50,000</u> | <u>(12,865)</u> | <u>(62,865)</u> |
| EXPENDITURES | | | |
| Capital outlay | 1,058,337 | 877,452 | 180,885 |
| Contingency | 188,571 | -- | 188,571 |
| TOTAL EXPENDITURES | <u>1,246,908</u> | <u>877,452</u> | <u>369,456</u> |
| Excess (deficiency) of revenues over expenditures | (1,196,908) | (890,317) | 306,591 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 612,000 | 443,000 | (169,000) |
| Net change in fund balance | (584,908) | (447,317) | 137,591 |
| Fund balance at beginning of year | 584,908 | 584,908 | -- |
| Fund balance at end of year | <u>\$ --</u> | <u>\$ 137,591</u> | <u>\$ 137,591</u> |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EQUIPMENT REPLACEMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2004**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|----------------|-------------------|-------------------|
| REVENUES | | | |
| Interest | 9,000 | 6,265 | (2,735) |
| EXPENDITURES | | | |
| Capital outlay | <u>696,489</u> | <u>186,587</u> | <u>509,902</u> |
| Excess (deficiency) of revenues over expenditures | (687,489) | (180,322) | 507,167 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | <u>140,000</u> | <u>140,000</u> | <u>--</u> |
| Net change in fund balance | (547,489) | (40,322) | 507,167 |
| Fund balance at beginning of year | <u>547,489</u> | <u>547,489</u> | <u>--</u> |
| Fund balance at end of year | <u>\$ --</u> | <u>\$ 507,167</u> | <u>\$ 507,167</u> |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CIPRIANO FERREL - CAPITAL PROJECTS FUND
Year Ended June 30, 2004**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|---------------|-----------------|-----------------|
| REVENUES | | | |
| Intergovernmental | \$ 86,000 | \$ 85,506 | \$ (494) |
| EXPENDITURES | | | |
| Capital outlay | <u>86,000</u> | <u>85,658</u> | <u>342</u> |
| Net change in fund balance | -- | (152) | (152) |
| Fund balance at beginning of year | <u>--</u> | <u>--</u> | <u>--</u> |
| Fund balance at end of year | <u>\$ --</u> | <u>\$ (152)</u> | <u>\$ (152)</u> |

PROPRIETARY FUNDS

Major Enterprise Funds

These funds account for self-supporting activities which render services on a user charge basis to the public. Funds included in this category are:

Water – accounts for resources and expenses for the purpose of water services for residents of the city.

Water Well Construction – accounts for transfers from the Water fund for the purpose of construction.

Wastewater Treatment Plant – accounts for resources and expenses for the purpose of treating wastewater generated in the city.

Wastewater Treatment Plant Construction – accounts for proceeds from long-term obligations for the purpose of construction.

CITY OF WOODBURN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL WATER - ENTERPRISE FUND (A MAJOR FUND) Year Ended June 30, 2004

| | Budget | Actual | Variance |
|---|------------------|---------------------|-------------------|
| REVENUES | | | |
| Charges for services | \$ 2,277,500 | \$ 2,292,646 | \$ 15,146 |
| Interest | 5,000 | 5,508 | 508 |
| Other | 33,000 | 56,304 | 23,304 |
| TOTAL REVENUES | <u>2,315,500</u> | <u>2,354,458</u> | <u>38,958</u> |
| EXPENDITURES | | | |
| Water supply | 911,050 | 813,130 | 97,920 |
| Meter reading | 161,159 | 161,099 | 60 |
| Water administration | 28,689 | 26,466 | 2,223 |
| Contingency | 563,913 | -- | 563,913 |
| TOTAL EXPENDITURES | <u>1,664,811</u> | <u>1,000,695</u> | <u>664,116</u> |
| Excess (deficiency) of revenues over expenditures | <u>650,689</u> | <u>1,353,763</u> | <u>703,074</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 65,000 | 65,000 | -- |
| Transfers out | (854,900) | (854,900) | -- |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(789,900)</u> | <u>(789,900)</u> | <u>--</u> |
| Net change in fund balance | (139,211) | 563,863 | 703,074 |
| Fund balance - beginning | 139,211 | 145,288 | 6,077 |
| Fund balance - ending | <u>\$ --</u> | <u>709,151</u> | <u>\$ 709,151</u> |
| Reconciliation to generally accepted accounting principles | | | |
| Inventories | | 112,562 | |
| Capital assets, net of depreciation | | 17,702,200 | |
| Compensated absences payable | | (21,675) | |
| Accrued interest payable | | (204,272) | |
| Long-term obligations | | <u>(10,763,666)</u> | |
| Net assets - ending | | <u>\$ 7,534,300</u> | |

CITY OF WOODBURN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL WATER WELL CONSTRUCTION - ENTERPRISE FUND (A MAJOR FUND) Year Ended June 30, 2004

| | Budget | Actual | Variance |
|---|---------------------|---------------------|---------------------|
| REVENUES | | | |
| Interest | \$ 15,000 | \$ 17,425 | \$ 2,425 |
| Other | -- | 23,866 | 23,866 |
| TOTAL REVENUES | <u>15,000</u> | <u>41,291</u> | <u>26,291</u> |
| EXPENDITURES | | | |
| Design engineering | 400,000 | 418,404 | (18,404) |
| Construction engineering | 64,629 | 56,774 | 7,855 |
| Right-of-way | 35,000 | 17,300 | 17,700 |
| Construction | 10,212,000 | 10,730,117 | (518,117) |
| Contingency | 1,972,665 | -- | 1,972,665 |
| TOTAL EXPENDITURES | <u>12,684,294</u> | <u>11,222,595</u> | <u>1,461,699</u> |
| Excess (deficiency) of revenues over expenditures | <u>(12,669,294)</u> | <u>(11,181,304)</u> | <u>1,487,990</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from long-term obligations | 10,000,000 | 9,748,292 | (251,708) |
| Transfers in | 550,000 | 550,000 | -- |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>10,550,000</u> | <u>10,298,292</u> | <u>(251,708)</u> |
| Net change in fund balance | (2,119,294) | (883,012) | 1,236,282 |
| Fund balance - beginning | <u>2,119,294</u> | <u>2,119,294</u> | <u>--</u> |
| Fund balance - ending | <u>\$ --</u> | <u>\$ 1,236,282</u> | <u>\$ 1,236,282</u> |

Reconciliation to generally accepted accounting principles

| | |
|---------------------|---------------------|
| Net assets - ending | <u>\$ 1,236,282</u> |
|---------------------|---------------------|

CITY OF WOODBURN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL WASTEWATER TREATMENT PLANT - ENTERPRISE FUND (A MAJOR FUND) Year Ended June 30, 2004

| | Budget | Actual | Variance |
|---|------------------|----------------------|-------------------|
| REVENUES | | | |
| Charges for services | \$ 1,581,028 | \$ 1,640,909 | \$ 59,881 |
| Interest | 20,000 | 7,163 | (12,837) |
| Other | 41,500 | 69 | (41,431) |
| TOTAL REVENUES | <u>1,642,528</u> | <u>1,648,141</u> | <u>5,613</u> |
| EXPENDITURES | | | |
| Wastewater treatment plant operations | 1,382,511 | 1,325,342 | 57,169 |
| Sewer line maintenance | 266,832 | 251,449 | 15,383 |
| Sewer administration | 62,740 | 58,499 | 4,241 |
| Contingency | 349,362 | -- | 349,362 |
| TOTAL EXPENDITURES | <u>2,061,445</u> | <u>1,635,290</u> | <u>426,155</u> |
| Excess (deficiency) of revenues over expenditures | (418,917) | 12,851 | 431,768 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (434,700) | (434,707) | (7) |
| Net change in fund balance | (853,617) | (421,856) | 431,761 |
| Fund balance - beginning | 853,617 | 853,617 | -- |
| Fund balance - ending | <u>\$ --</u> | 431,761 | <u>\$ 431,761</u> |
| Reconciliation to generally accepted accounting principles | | | |
| Inventories | | 63,794 | |
| Capital assets, net of depreciation | | 42,855,703 | |
| Accrued interest | | (380,619) | |
| Compensated absences payable | | (35,011) | |
| Long-term obligations | | <u>(27,651,531)</u> | |
| Net assets - ending | | <u>\$ 15,284,097</u> | |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WASTEWATER TREATMENT PLANT CONSTRUCTION
ENTERPRISE FUND (A MAJOR FUND)**

Year Ended June 30, 2004

| | Budget | Actual | Variance |
|----------------------------|------------------|---------------------|---------------------|
| REVENUES | | | |
| Charges for services | \$ 1,764,923 | \$ 1,823,480 | \$ 58,557 |
| Interest | 55,000 | 31,917 | (23,083) |
| Other | -- | 69,858 | 69,858 |
| TOTAL REVENUES | <u>1,819,923</u> | <u>1,925,255</u> | <u>105,332</u> |
| EXPENDITURES | | | |
| Design engineering | 146,491 | 60,110 | 86,381 |
| Construction engineering | 11,000 | -- | 11,000 |
| Right-of-way | 28,800 | 8,910 | 19,890 |
| Construction | 973,600 | 187,684 | 785,916 |
| Debt service | 2,381,421 | 2,381,421 | -- |
| Contingency | 1,681,988 | -- | 1,681,988 |
| TOTAL EXPENDITURES | <u>5,223,300</u> | <u>2,638,125</u> | <u>2,585,175</u> |
| Net change in fund balance | (3,403,377) | (712,870) | 2,690,507 |
| Fund balance - beginning | <u>3,403,377</u> | <u>3,403,377</u> | <u>--</u> |
| Fund balance - ending | <u>\$ --</u> | <u>\$ 2,690,507</u> | <u>\$ 2,690,507</u> |

Reconciliation to generally accepted accounting principles

| | |
|---------------------|---------------------|
| Net assets - ending | <u>\$ 2,690,507</u> |
|---------------------|---------------------|

PROPRIETARY FUNDS

Nonmajor Enterprise Funds

Water System Development – accounts for resources for the purpose of water system construction and expansion.

Wastewater Capital Improvement – accounts for resources for the purpose of wastewater system capital improvements.

Wastewater System Development – accounts for resources for the purpose of wastewater system construction and expansion.

CITY OF WOODBURN

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2004**

| | Water Sytem Development | Wastewater Capital Improvement | Wastewater System Development | Totals |
|--------------------------|-------------------------------|--------------------------------------|-------------------------------------|--------------|
| <u>ASSETS</u> | | | | |
| Current assets | | | | |
| Cash and investments | \$ 1,282,885 | \$ 151,730 | \$ 1,679,536 | \$ 3,114,151 |
| <u>NET ASSETS</u> | | | | |
| Unrestricted | \$ 1,282,885 | \$ 151,730 | \$ 1,679,536 | \$ 3,114,151 |

CITY OF WOODBURN

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS NONMAJOR ENTERPRISE FUNDS Year Ended June 30, 2004

| | Water Sytem Development | Wastewater Capital Improvement | Wastewater System Development | Totals |
|---|-------------------------------|--------------------------------------|-------------------------------------|--------------|
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest | \$ 13,238 | \$ 1,954 | \$ 16,970 | \$ 32,162 |
| Other | -- | 16,137 | -- | 16,137 |
| Interest | -- | (26,290) | -- | (26,290) |
| Total nonoperating revenues (expenses) | 13,238 | (8,199) | 16,970 | 22,009 |
| OTHER REVENUES AND TRANSFERS | | | | |
| Capital contributions | 421,505 | -- | 671,320 | 1,092,825 |
| Transfers out | -- | (21,570) | -- | (21,570) |
| Total other revenues and transfers | 421,505 | 21,570 | 671,320 | 1,071,255 |
| Change in net assets | 434,743 | (29,769) | 688,290 | 1,093,264 |
| Net assets - beginning of year | 848,142 | 181,499 | 991,246 | 2,020,887 |
| Net assets - end of year | \$ 1,282,885 | \$ 151,730 | \$ 1,679,536 | \$ 3,114,151 |

CITY OF WOODBURN
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2004

| | Water System Development | Wastewater Capital Improvement | Wastewater System Development | Totals |
|---|--------------------------------|--------------------------------------|-------------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Other | \$ - | \$ 16,137 | \$ - | \$ 16,137 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Capital contributions | 421,505 | - | 671,320 | 1,092,825 |
| Principal paid on long-term obligations | - | (21,570) | - | (21,570) |
| Interest paid on long-term obligations | - | (26,290) | - | (26,290) |
| Net cash provided by (used in) capital and related financing activities | 421,505 | (47,860) | 671,320 | 1,044,965 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest | 13,238 | 1,954 | 16,970 | 32,162 |
| Net increase (decrease) in cash and cash equivalents | 434,743 | (29,769) | 688,290 | 1,093,264 |
| Cash and cash equivalents - beginning of year | 848,142 | 181,499 | 991,246 | 2,020,887 |
| Cash and cash equivalents - end of year | <u>\$ 1,282,885</u> | <u>\$ 151,730</u> | <u>\$ 1,679,536</u> | <u>\$ 3,114,151</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Operating income | \$ - | \$ - | \$ - | \$ - |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | | |
| Other | - | 16,137 | - | 16,137 |
| Net cash provided by operating activities | <u>\$ -</u> | <u>\$ 16,137</u> | <u>\$ -</u> | <u>\$ 16,137</u> |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WATER SYSTEM DEVELOPMENT - ENTERPRISE FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|----------------------------|------------------|---------------------|---------------------|
| REVENUES | | | |
| System development charges | \$ 203,000 | \$ 421,505 | \$ 218,505 |
| Interest | 50,000 | 13,238 | (36,762) |
| TOTAL REVENUES | <u>253,000</u> | <u>434,743</u> | <u>181,743</u> |
| EXPENDITURES | | | |
| Capital outlay | 198,000 | -- | 198,000 |
| Contingency | 903,142 | -- | 903,142 |
| TOTAL EXPENDITURES | <u>1,101,142</u> | <u>--</u> | <u>1,101,142</u> |
| Net change in fund balance | (848,142) | 434,743 | 1,282,885 |
| Fund balance - beginning | 848,142 | 848,142 | -- |
| Fund balance - beginning | <u>\$ --</u> | <u>\$ 1,282,885</u> | <u>\$ 1,282,885</u> |

Reconciliation to generally accepted accounting principles

| | |
|---------------------|---------------------|
| Net assets - ending | <u>\$ 1,282,885</u> |
|---------------------|---------------------|

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WASTEWATER CAPITAL IMPROVEMENT - ENTERPRISE FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|----------------------------|----------------|-------------------|-------------------|
| REVENUES | | | |
| Interest | \$ 3,500 | \$ 1,954 | \$ (1,546) |
| Other | 14,754 | 16,137 | 1,383 |
| TOTAL REVENUES | <u>18,254</u> | <u>18,091</u> | <u>(163)</u> |
| EXPENDITURES | | | |
| Capital outlay | 152,360 | -- | 152,360 |
| Debt service | 47,860 | 47,860 | -- |
| TOTAL EXPENDITURES | <u>200,220</u> | <u>47,860</u> | <u>152,360</u> |
| Net change in fund balance | (181,966) | (29,769) | 152,197 |
| Fund balance - beginning | 181,966 | 181,499 | (467) |
| Fund balance - ending | <u>\$ --</u> | <u>\$ 151,730</u> | <u>\$ 151,730</u> |

Reconciliation to generally accepted accounting principles

| | |
|---------------------|-------------------|
| Net assets - ending | <u>\$ 151,730</u> |
|---------------------|-------------------|

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WASTEWATER SYSTEM DEVELOPMENT - ENTERPRISE FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|---|----------------|---------------------|---------------------|
| REVENUES | | | |
| System Development Charges | \$ 350,000 | \$ 671,320 | \$ 321,320 |
| Interest | 10,300 | 16,970 | 6,670 |
| TOTAL REVENUES | <u>360,300</u> | <u>688,290</u> | <u>327,990</u> |
| EXPENDITURES | | | |
| Materials and services | 15,000 | -- | 15,000 |
| Capital outlay | 20,000 | -- | 20,000 |
| TOTAL EXPENDITURES | <u>35,000</u> | <u>--</u> | <u>35,000</u> |
| Excess (deficiency) of revenues over expenditures | 325,300 | 688,290 | 362,990 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (1,316,546) | -- | (1,316,546) |
| Net change in fund balance | (991,246) | 688,290 | 1,679,536 |
| Fund balance - beginning | 991,246 | 991,246 | -- |
| Fund balance - ending | <u>\$ --</u> | <u>\$ 1,679,536</u> | <u>\$ 1,679,536</u> |
| Reconciliation to generally accepted accounting principles | | | |
| Net assets - ending | | <u>\$ 1,679,536</u> | |

PROPRIETARY FUNDS

Internal Service Funds

These funds are used to account for goods or services provided to other funds of the City on a cost reimbursement basis.

Central Services – accounts for the purchase of services and supplies. Resources are provided by transfers from other funds.

Self-Insurance – accounts for the payment of insurance premiums. Resources are provided by transfers from other funds.

Technical and Environmental Services – accounts for the purchase of management, engineering, inspection, and planning services. Resources are provided by transfers from other funds.

Building Maintenance – accounts for the repair and maintenance of buildings. Resources are provided by transfers from other funds.

CITY OF WOODBURN

COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS June 30, 2004

| | Central Services | Self- Insurance | Technical and Environmental Services | Building Maintenance | Totals |
|---|---------------------|--------------------|--|-------------------------|-------------------|
| <u>ASSETS</u> | | | | | |
| Current assets | | | | | |
| Cash and investments | \$ 10,880 | \$ 247,622 | \$ 214,250 | \$ 43,479 | \$ 516,231 |
| Receivables | -- | -- | 2,299 | -- | 2,299 |
| Inventories | 9,636 | -- | -- | -- | 9,636 |
| Total current assets | 20,516 | 247,622 | 216,549 | 43,479 | 528,166 |
| Capital assets, net of depreciation | -- | -- | 387,615 | 4,533 | 392,148 |
| TOTAL ASSETS | 20,516 | 247,622 | 604,164 | 48,012 | 920,314 |
| <u>LIABILITIES</u> | | | | | |
| Current liabilities | | | | | |
| Accounts payable and accrued items | 489 | -- | 20,348 | 13,401 | 34,238 |
| Deposits | -- | -- | 2,000 | -- | 2,000 |
| Compensated absences payable | -- | -- | 64,593 | 8,764 | 73,357 |
| TOTAL LIABILITIES | 489 | -- | 86,941 | 22,165 | 109,595 |
| <u>NET ASSETS</u> | | | | | |
| Invested in capital assets, net of related debt | -- | -- | 387,615 | 4,533 | 392,148 |
| Unrestricted | 20,027 | 247,622 | 129,608 | 21,314 | 418,571 |
| TOTAL NET ASSETS | \$ 20,027 | \$ 247,622 | \$ 517,223 | \$ 25,847 | \$ 810,719 |

CITY OF WOODBURN

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS Year Ended June 30, 2004

| | Central Services | Self- Insurance | Technical and Environmental Services | Building Maintenance | Totals |
|---|---------------------|--------------------|--|-------------------------|-------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ -- | \$ -- | \$ 72,719 | \$ -- | \$ 72,719 |
| Rents | -- | -- | -- | 279,930 | 279,930 |
| Total operating revenues | -- | -- | 72,719 | 279,930 | 352,649 |
| OPERATING EXPENSES | | | | | |
| Personal services | -- | 12,429 | 656,558 | 50,443 | 719,430 |
| Material and services | 15,527 | 354,642 | 181,305 | 265,941 | 817,415 |
| Depreciation | -- | -- | 8,500 | 664 | 9,164 |
| Total operating expenses | 15,527 | 367,071 | 846,363 | 317,048 | 1,546,009 |
| Operating (loss) | (15,527) | (367,071) | (773,644) | (37,118) | (1,193,360) |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Interest | 99 | 2,336 | 3,282 | 653 | 6,370 |
| Other | 13,655 | 327,772 | 43,127 | -- | 384,554 |
| Total nonoperating revenues (expenses) | 13,754 | 330,108 | 46,409 | 653 | 390,924 |
| (Loss) before operating transfers | (1,773) | (36,963) | (727,235) | (36,465) | (802,436) |
| OPERATING TRANSFERS | | | | | |
| Transfers in | -- | -- | 753,664 | 5,197 | 758,861 |
| Transfers out | -- | -- | (11,760) | (980) | (12,740) |
| Total operating transfers | -- | -- | 741,904 | (4,217) | 746,121 |
| Change in net assets | (1,773) | (36,963) | 14,669 | (32,248) | (56,315) |
| Net assets - beginning of year | 21,800 | 284,585 | 502,554 | 58,095 | 867,034 |
| Net assets - end of year | \$ 20,027 | \$ 247,622 | \$ 517,223 | \$ 25,847 | \$ 810,719 |

CITY OF WOODBURN

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2004**

| | Central Services | Self- Insurance | Technical and Environmental Services | Building Maintenance | Totals |
|--|---------------------|--------------------|--|-------------------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers and users | \$ - | \$ - | \$ 74,055 | \$ 279,930 | \$ 353,985 |
| Payments to suppliers | (16,614) | (354,642) | (163,097) | (267,955) | (802,308) |
| Payments to employees | - | (12,429) | (650,948) | (44,587) | (707,964) |
| Other | 13,655 | 327,772 | 43,127 | - | 384,554 |
| Net cash (used in) operating activities | (2,959) | (39,299) | (696,863) | (32,612) | (771,733) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | | |
| Cash transfers in | - | - | 738,000 | - | 738,000 |
| Cash transfers out | - | - | (11,760) | (980) | (12,740) |
| Net cash provided by (used in) non-capital financing activities | - | - | 726,240 | (980) | 725,260 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition of capital assets | - | - | (1,656) | - | (1,656) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest | 99 | 2,336 | 3,282 | 653 | 6,370 |
| Net increase (decrease) in cash and cash equivalents | (2,860) | (36,963) | 31,003 | (32,939) | (41,759) |
| Cash and cash equivalents--beginning of year | 13,740 | 284,585 | 183,247 | 76,418 | 557,990 |
| Cash and cash equivalents--end of year | \$ 10,880 | \$ 247,622 | \$ 214,250 | \$ 43,479 | \$ 516,231 |
| Reconciliation of operating (loss) to net cash (used in) operating activities | | | | | |
| Operating (loss) | \$ (15,527) | \$ (367,071) | \$ (773,644) | \$ (37,118) | \$ (1,193,360) |
| Adjustments to reconcile operating (loss) to net cash (used in) operating activities | | | | | |
| Depreciation | - | - | 8,500 | 664 | 9,164 |
| Other | 13,655 | 327,772 | 43,127 | - | 384,554 |
| (Increase) decrease in assets | | | | | |
| Receivables | - | - | 1,336 | - | 1,336 |
| Inventories | (1,576) | - | - | - | (1,576) |
| Increase (decrease) in liabilities | | | | | |
| Accounts payable and accrued items | 489 | - | 18,208 | (2,014) | 16,683 |
| Compensated absences payable | - | - | 5,610 | 5,856 | 11,466 |
| Net cash provided by (used in) operating activities | \$ (2,959) | \$ (39,299) | \$ (696,863) | \$ (32,612) | \$ (771,733) |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CENTRAL SERVICES - INTERNAL SERVICE FUND
Year Ended June 30, 2004**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------|------------------|----------------------|----------------------|
| REVENUES | | | |
| Interest | \$ -- | \$ 99 | \$ 99 |
| Other | <u>5,000</u> | <u>13,655</u> | <u>8,655</u> |
| TOTAL REVENUES | 5,000 | 13,754 | 8,754 |
| EXPENDITURES | | | |
| Materials and services | <u>18,740</u> | <u>15,527</u> | <u>3,213</u> |
| Net change in fund balance | (13,740) | (1,773) | 11,967 |
| Fund balance - beginning | <u>13,740</u> | <u>21,800</u> | <u>8,060</u> |
| Fund balance - ending | <u>\$ --</u> | <u>\$ 20,027</u> | <u>\$ 20,027</u> |

Reconciliation to generally accepted accounting principles

| | |
|---------------------|------------------|
| Net assets - ending | <u>\$ 20,027</u> |
|---------------------|------------------|

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SELF-INSURANCE - INTERNAL SERVICE FUND
Year Ended June 30, 2004**

| | Budget | Actual | Variance |
|----------------------------|----------------|-------------------|-------------------|
| REVENUES | | | |
| Interest | \$ 2,575 | \$ 2,336 | \$ (239) |
| Other | 357,579 | 327,772 | (29,807) |
| TOTAL REVENUES | <u>360,154</u> | <u>330,108</u> | <u>(30,046)</u> |
| EXPENDITURES | | | |
| Personal services | 12,429 | 12,429 | -- |
| Materials and services | 387,799 | 354,642 | 33,157 |
| Contingency | 239,568 | -- | 239,568 |
| TOTAL EXPENDITURES | <u>639,796</u> | <u>367,071</u> | <u>272,725</u> |
| Net change in fund balance | (279,642) | (36,963) | 242,679 |
| Fund balance - beginning | 279,642 | 284,585 | 4,943 |
| Fund balance - ending | <u>\$ --</u> | <u>\$ 247,622</u> | <u>\$ 247,622</u> |

Reconciliation to generally accepted accounting principles

| | |
|---------------------|-------------------|
| Net assets - ending | <u>\$ 247,622</u> |
|---------------------|-------------------|

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TECHNICAL AND ENVIRONMENTAL SERVICES - INTERNAL SERVICE FUND
Year Ended June 30, 2004**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------|-------------------|-------------------|
| REVENUES | | | |
| Charges for services | \$ 114,000 | \$ 72,719 | \$ (41,281) |
| Interest | 3,000 | 3,282 | 282 |
| Other | 8,000 | 43,127 | 35,127 |
| | <u>125,000</u> | <u>119,128</u> | <u>(5,872)</u> |
| TOTAL REVENUES | | | |
| EXPENDITURES | | | |
| Public works administration | 178,648 | 152,064 | 26,584 |
| Engineering | 665,084 | 639,078 | 26,006 |
| Central garage | 69,219 | 42,767 | 26,452 |
| Contingency | 62,048 | -- | 62,048 |
| | <u>974,999</u> | <u>833,909</u> | <u>141,090</u> |
| TOTAL EXPENDITURES | | | |
| Excess (deficiency) of revenues over expenditures | <u>(849,999)</u> | <u>(714,781)</u> | <u>135,218</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 738,000 | 738,000 | -- |
| Transfers out | (11,760) | (11,760) | -- |
| | <u>726,240</u> | <u>726,240</u> | <u>--</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | | | |
| Net change in fund balance | (123,759) | 11,459 | 135,218 |
| Fund balance at beginning of year | 123,759 | 182,742 | 58,983 |
| | <u>123,759</u> | <u>182,742</u> | <u>58,983</u> |
| Fund balance at end of year | <u>\$ --</u> | 194,201 | <u>\$ 194,201</u> |
| Reconciliation to generally accepted accounting principles | | | |
| Capital assets, net of depreciation | | 387,615 | |
| Compensated absences payable | | <u>(64,593)</u> | |
| Net assets - ending | | <u>\$ 517,223</u> | |

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUILDING MAINTENANCE - INTERNAL SERVICE FUND
Year Ended June 30, 2004**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|----------------|------------------|------------------|
| REVENUES | | | |
| Charges for services | \$ 278,850 | \$ 279,930 | \$ 1,080 |
| Interest | <u>800</u> | <u>653</u> | <u>(147)</u> |
| TOTAL REVENUES | <u>279,650</u> | <u>280,583</u> | <u>933</u> |
| EXPENDITURES | | | |
| Personal services | 45,288 | 44,587 | 701 |
| Materials and services | 269,090 | 265,941 | 3,149 |
| Contingency | <u>22,387</u> | <u>--</u> | <u>22,387</u> |
| TOTAL EXPENDITURES | <u>336,765</u> | <u>310,528</u> | <u>26,237</u> |
| Excess (deficiency) of revenues over expenditures | (57,115) | (29,945) | 27,170 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | <u>(980)</u> | <u>(980)</u> | <u>--</u> |
| Net change in fund balance | (58,095) | (30,925) | 27,170 |
| Fund balance at beginning of year | <u>58,095</u> | <u>61,003</u> | <u>2,908</u> |
| Fund balance at end of year | <u>\$ --</u> | <u>30,078</u> | <u>\$ 30,078</u> |
| Reconciliation to generally accepted accounting principles | | | |
| Capital asset, net of depreciation | | 4,533 | |
| Compensated absences payable | | <u>(8,764)</u> | |
| Net assets - ending | | <u>\$ 25,847</u> | |

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth in the following pages.

- *Accounting and Internal Controls*
- *Collateral*
- *Indebtedness*
- *Budget*
- *Insurance and Fidelity Bonds*
- *Programs Funded from Outside Source*
- *Highway Funds*
- *Investments*
- *Public Contracts and Purchasing*



BOLDT, CARLISLE & SMITH LLC
CERTIFIED PUBLIC ACCOUNTANTS
PARTNERSHIP ■ ASSURANCE ■ INNOVATION

CITY OF WOODBURN

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS Year Ended June 30, 2004

Accounting and Internal Controls

The broad objectives of internal accounting control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded from unauthorized use or disposition and that financial records are reliable to permit the preparation of financial statements. The following operative objectives are necessary to achieve the broad objectives:

- a. Transactions are executed in accordance with management's general or specific authorization.
- b. Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and (2) to maintain accountability for assets.
- c. Access to assets is permitted only in accordance with management's authorization.
- d. The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. Any projection of a current evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with prescribed procedures may deteriorate.

The accounting records and internal controls are adequate considering the size and complexity of the municipal corporation's financial activities.

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)

Collateral

ORS 295.015 requires collateral pool certificates of participation to be obtained from the pool manager of the depository in an amount equal to the funds on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. Collateral pool certificates warrant that the pool manager holds custodian's receipts for eligible securities pledged by the depository bank to secure deposits of public funds of a value as of the last valuation date of not less than 25 percent of the aggregate amount of certificates outstanding. At June 30, 2004, the deposits of the City were covered by the following collateral pool certificates:

| <u>Depository Bank</u> | <u>Pool Manager</u> | <u>Amount</u> |
|------------------------|-----------------------|---------------|
| U S Bank | Oregon State Treasury | \$ 2,000,000 |

Deposits were secured in accordance with ORS 295.015.

Indebtedness

The legal debt limitation has not been exceeded.

Budget

1. Preparation and adoption

The budgets for the years ended June 30, 2004 and 2005 were prepared and adopted in compliance with legal requirements.

2. Execution

The budget for the year ended June 30, 2004, was executed in compliance with legal requirements, except that expenditures in excess of appropriations (which is prohibited by ORS 294.435) were made in the following categories:

| <u>Fund/Appropriations Category</u> | <u>Appropriations</u> | <u>Expenditures</u> | <u>Variance</u> |
|-------------------------------------|-----------------------|---------------------|-----------------|
| Special Assessment | | | |
| Debt service | \$ - | \$ 44,022 | \$ (44,022) |
| Water Well Construction | | | |
| Design engineering | 400,000 | 418,404 | (18,404) |
| Construction | 10,212,000 | 10,730,117 | (518,117) |

Prior to overexpending an appropriation category, the City Council may, by resolution (ORS 294.450), transfer amounts between appropriation categories.

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)

Insurance and Fidelity Bonds

The City's insurance agent confirmed that the following policies were in force at June 30, 2004:

| Company | Policy Number | Coverage | Limit | Term |
|-----------------------|----------------------|----------------------------|-----------------------|-------------|
| City County Insurance | 03LWDB | General and Auto Liability | \$5,000,000 CSL | 07-01-03/04 |
| | 03APDWBD | Auto Physical Damage | Per Agreement | 07-01-03/04 |
| | 03PWBD | Property/Mobile Equipment | \$37,284,423.01 | 07-01-03/04 |
| | 03BWBD | Boiler and Machinery | Per Property Schedule | 07-01-03/04 |
| NLC Mutual | 03E | Excess Earthquake | N/A | 07-01-03/04 |
| Fidelity and Deposit | 03C | Excess Crime | N/A | 07-01-03/04 |

Our audit did not include a determination of adequacy of coverage since we are not trained to make such a determination.

The City has obtained fidelity bond coverage for the following personnel:

| | |
|-------------------------------|------------|
| Finance officer | \$ 100,000 |
| Public employees blanket bond | 50,000 |

Programs Funded From Outside Sources

The City operated various programs funded wholly or partially by governmental agencies. Our report on compliance with laws and regulations and on internal controls used in administering federal financial assistance programs appear on pages 93 through 96 of this report. In addition to our audit, these grants and projects are subject to further review by federal audit agencies.

Highway Funds

The City used revenue from taxes on motor vehicle use fuel in compliance with ORS 373.240 to 373.250.

**DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM
STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)**

Investments

Funds of the City were invested in compliance with ORS 294.035.

Public Contracts and Purchasing

1. Awarding of public contracts

The City awarded public contracts in accordance with ORS 279.

2. Construction of public improvements

The City did not construct any public improvements as defined by ORS 279.

Boldt, Carlisle & Smith, LLC
Certified Public Accountants
Salem, Oregon
October 17, 2004

GRANT COMPLIANCE – SINGLE AUDIT



BOLDT, CARLISLE & SMITH LLC
CERTIFIED PUBLIC ACCOUNTANTS
PARTNERSHIP ■ ASSURANCE ■ INNOVATION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Honorable Mayor and Members
of the City Council
CITY OF WOODBURN
Woodburn, Oregon**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of **THE CITY OF WOODBURN** as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

www.bcsllc.com

Established - 1968

SALEM: 480 CHURCH STREET S.E. ■ SALEM, OR 97301 ■ PHONE: (503) 585-7751 ■ FAX: (503) 370-3781

STAYTON: 408 NORTH THIRD AVENUE ■ STAYTON, OR 97383 ■ PHONE: (503) 769-2186 ■ FAX: (503) 769-4312

**Honorable Mayor and Members
of the City Council
CITY OF WOODBURN
Woodburn, Oregon**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(CONTINUED)**

This report is intended solely for the information and use of the Mayor and Members of the City Council, management, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Boldt, Carlisle & Smith, LLC

Salem, Oregon
October 17, 2004



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Honorable Mayor and Members
of the City Council
CITY OF WOODBURN
Woodburn, Oregon**

Compliance

We have audited the compliance of **CITY OF WOODBURN** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, **CITY OF WOODBURN** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

**Honorable Mayor and Members
of the City Council
CITY OF WOODBURN**

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 (Continued)**

Internal Control Over Compliance

The management of **CITY OF WOODBURN** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Mayor and Members of City Council, management, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Boldt, Carlisle & Smith, LLC

Salem, Oregon
October 17, 2004

CITY OF WOODBURN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004

Section I Summary of Auditor's Results

Financial Statements

| | |
|---|--------------------|
| Type of auditor's report issued: | <i>Unqualified</i> |
| Internal controls over financial reporting: | |
| · Material weakness(es) identified? | No |
| · Reportable condition(s) identified that are not considered to be material weakness(es)? | None reported |
| · Noncompliance material to financial statements notes? | No |

Federal awards

| | |
|--|--------------------|
| Internal control over major programs: | |
| · Material weakness(es) identified? | No |
| · Reportable condition(s) identified that are not considered to be material weakness(es)? | None reported |
| Type of auditor's report issued on compliance for major programs: | <i>Unqualified</i> |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | No |
| Identification of major programs: | |

CFDA

| <u>Number</u> | <u>Name of Federal Program or Cluster</u> |
|---------------|---|
|---------------|---|

| | |
|--------|---|
| 66.468 | Capitalization Grants for Drinking Water State Revolving Fund |
|--------|---|

| | |
|--|------------|
| Dollar threshold used to distinguish between type A and type B programs: | \$ 300,000 |
|--|------------|

| | |
|--|----|
| Auditee qualified as a low-risk auditee? | No |
|--|----|

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

CITY OF WOODBURN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2004

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>CFDA Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>Federal Expenditures</u> |
|--|-------------------------------|--|--|
| <i>Department of Housing and Urban Development</i> | | | |
| Passed through Oregon Economic and Community Development Department Community Development Block Grants/State's Program | 14.228 | C02004 | \$ 85,506 |
| <i>Department of Justice</i> | | | |
| Juvenile Accountability Incentive Block Grant Passed through Woodburn Together | 16.523 | | 1,423 |
| Juvenile Justice and Delinquency Prevention - Allocation to States (A) | 16.540 | 2002-JN-FX-0079 | 23,141 |
| Local Law Enforcement Block Grant Program | 16.592 | | 8,019 |
| Total Department of Justice | | | 32,583 |
| <i>Department of Transportation</i> | | | |
| Passed through Federal Transportation Administration Formula Grants for Other Than Urbanized Areas | 20.509 | | 43,126 |
| Passed through Oregon Association of Chiefs of Police Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants | 20.601 | | 2,025 |
| Safety Incentive Grants for Use of Seatbelts | 20.604 | | 2,616 |
| Total Department of Transportation | | | 47,767 |
| <i>Environmental Protection Agency</i> | | | |
| Passed through Oregon Economic and Community Development Department Capitalization Grants for Drinking Water State Revolving Fund | 66.468 | S02010 | 1,321,291 |
| <i>Committee on National Community Services</i> | | | |
| Retired and Senior Volunteer Program | 94.002 | | 61,578 |
| Total Expenditures of Federal Awards | | | \$ 1,548,725 |

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2004

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards is a summary of the city's federal award programs presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.